The China Weekly

REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

Tientsin's Mysterious Bombing and Canton's More Mysterious War!

ARTICLES IN THIS ISSUE

Peiping Cat-Skin Dealer Who Got Even with the Japanese
China Shot 964 Dope-Addicts, Registered 1,596,809
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Students Demonstrate in Shanghai on May 30---Strike in North
Central China Secretly Preparing to Oppose Japan
"Chitung" Kingdom of Yin Ju-keng Now Has Its Own Customs and Salt Gabelle *(By the Review's Tientsin Correspondent)*
Huge Smuggling Operations Carried on in South China by Formosan Organization *(By the Review's Canton Correspondent)*
How Articles 16 and 17 Could Be Invoked in Case of War Between China and Japan . . . By C. Y. W. Meng
Wheat Improvement Work Around Nanking . By D. Y. Lin

SATURDAY, JUNE 6, 1936 VOLUME 77, NUMBER

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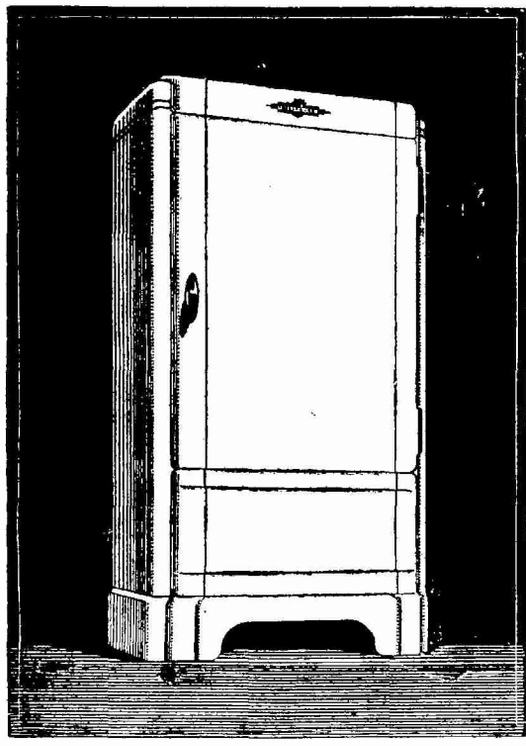

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Shanghai, June 3, 1936

Demand selling rate on America:	U.S. $1.00=Sh. $ 3.37
Demand buying rate on America:	U.S. $1.00=Sh. $ 3.32
Demand selling rate on London:	£1.0.0=Sh. $16.84
Demand buying rate on Londod:	£1.0.0=Sh. $16.58

Latest New York Stock Exchange Quotations

June 3, 1936

Stock Exchange— Business Done:-

T tal Volume: 760,000 Shares

1935-36 High	1935-36 Low	Div. $ per sh.	STOCKS	Last Sale June 1	Last Sale June 2
18⅞	9⅝	0.10	Adams Express	11¼	11
134½	115¾	4.00	American Can	129	128¾
40¾	29¼	0.60	Amer. Cyanamid "B"	35½	35⅜
9¾	6½	—	American & For. Power	7⅜	7⅛
43	29⅜	—	American & Foreign Pwr. $7 pfd.	33⅝	33⅜
27⅜	18¾	—	American Radiator	20⅝	21⅛
178	149½	9.00	American Tel. & Tel.	165⅜	165¼
104	88⅛	5.00	American Tobacco "B"	93¾	94
25¼	19⅛	—	American Waterworks	22⅞	22⅝
39¾	28	0.25	Anaconda Copper	34	33⅝
86⅝	59	2.00	Atchison, T. & S. Fe	72	72
54¼	29½	—	Auburn	29½	29
24¼	15⅝	—	Baltimore & Ohio	18⅝	18⅜
63¾	45¾	—	Bethlehem Steel	53⅞	—
26½	16⅞	—	Boeing Airplane Co.,	20⅝	—
16	10⅞	—	Canadian Pacific Railway	12⅜	13
172¾	92½	—	Case, J. I.	164½	161
47⅞	20¼	1.40	Chase National Bank	37⅞	37¾
74½	55	3.00	Chesapeake Corp.	66½	66½
61	51	2.80	Chesapeake & Ohio	58	57⅞
103⅞	85½	4.00	Chrysler	95½	94¾
21⅝	14	6.00	Columbia Gas & Electric	19	18¾
24⅝	16⅝	2.00	Coml. Solvents	16¾	16¾
5½	2¼	—	Commonwealth & Southern (ord.)	3⅛	3⅛
38⅝	21¼	1.00	Consolinated Edison	32¼	32¾
15¼	11½	0.25	Consolidated Oil	11¾	11⅞
38½	28⅛	.87½	Continental Oil	28½	28½
78	68½	3.00	Corn Products	79	78
75¾	56⅝	0.75	Douglas Aircraft	57⅝	56⅞
153	133	3.60	Du Pont de Nemours	144	144
25½	15¾	—	Electric Bond & Share	19¾	19⅝
41⅞	34½	1.00	General Electric	37½	37¾
39½	33⅛	1.80	General Foods	39	39⅝
71	53⅝	2.00	General Motors	62¼	62
50	32½	1.00	General Railway Signal	34	34
21⅜	15⅜	1.20	Gold Dust	16	16
31⅞	21¾	—	Goodyear Tire & Rubber	24⅝	24⅜
76½	57¼	1.00	Humble Oil	57¼	57⅛
54¼	43¼	1.00	Internation Nickel	47⅛	46¾
19¼	12	—	International Tel. & Tel.	13⅝	13⅝
41⅝	28¼	1.00	Kennecott	38⅛	38¼
54⅞	38	2.00	Loew's Inc.	45¾	45¼
26½	21¼	1.20	Lorillard	22⅝	22⅝
103	80¾	1.00	Monsanto Chemical	88⅜	88½
45¼	35¾	0.20	Montgomery Ward	43⅝	43¼
41⅞	18½	1.00	National City Bank	33¾	33
25¼	21	1.20	National Dairy Prods.	23¾	23¼
33⅜	27⅜	2.00	National Distillers	28⅜	28¼
14⅞	9¾	0.60	National Power & Lt.	10½	10⅜
42¼	27¾	0.10	New York Central	36	35⅝
32⅛	23⅛	1.00	North American	26¾	26⅞
39⅝	30¾	1.50	Pacific Gas & Electric	36	36½
56⅞	47⅝	2.40	Pacific Lighting	52¼	52
13	6⅞	0.10	Packard Motors	10¼	10½
39	28¼	1.00	Pennsylvania Railroad	31	31¼
49⅜	38⅛	1.00	Phillips Petroleum	40¼	40
48¾	39	2.40	Public Serv. of N. J.	44¾	44½
14¼	9¾	—	Radio Corporation of Amer.	11⅝	12
58⅝	50	3.00	Reynolds Tobacco "B"	58⅛	58⅛
56¼	22	—	Schenley	43¼	42¼
73½	59⅝	2.00	Sears Roebuck	73	73
17	12½	0.40	Socony-Vacuum	13	12⅞
28¾	25	1.50	Southern California Edison	26	26⅛
38⅞	23½	—	Southern Pacific	38⅝	38
18	14⅝	0.80	Standard Brands	15⅝	15½
9⅞	5⅛	—	Standard Gas & Electric	6⅝	6½
70	51⅛	1.00	Standard Oil Co. of N. J.	58⅝	59
71¾	65	3.80	Sterling Products	68	68¼
38¾	33	2.00	Texas Gulf Sulphur	35⅞	35⅞
14¾	11	0.30	Transamerica	12¾	12¾
88⅜	71⅝	2.00	Union Caride & Carbon	85	85½
138¼	108½	6.00	Union Pacific	128	127¾
32⅝	20⅝	—	United Aircraft (New)	24⅝	23¾
21	13	—	United Airline Trans.	16½	16¼
9¼	5⅜	—	United Corporation	6½	6⅜
19½	14⅜	1.00	United Gas Improvement	15⅝	15¼
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The China Weekly REVIEW

Formerly Millard's Review

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THE CHINA WEEKLY REVIEW

Formerly Millard's Review

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Contents

Editorial Paragraphs

Peiping Cat-Skin Dealer Who Got Even with the Japanese 1
China Shot 964 Dope-Addicts, Registered 1,569,809 2
Mr. Teeling's Testimony About Persecution in Mukden 2
Mysterious Tientsin Bombing—Preparing Scenery for New Act on Northern Stage 3
United Front Against Japan—Or Another Civil War? 5
Japan, Irked by Trade Restrictions, Masses Principal Criticism Against Australia 6
The Declaration of Gen. Li Tsung-jen, "Strong-Man" in South, on Resistance 8

Special Articles

Suma Declares China Must Choose Peace or War With Japan; Japanese Troops Pour Into North China 9
Huge Smuggling Operations Carried on in South China by Formosan Organzation 13
Custom Secretary's Report Shows How China's Service Has Been Paralyzed by Japanese 14
Students Demonstrate in Shanghai on May 30—Strike in North China 16
"Chitung" Kingdom of Yin Ju-keng Now Has Its Own Customs and Salt Gabelle 18
National Exhibition of Drawings for Children ....By Penan Ting 19
How Articles 16 and 17 Could Be Invoked in Case of War Between China and Japan..... .....By C. Y. W. Meng 20
Central China Secretly Preparing to Oppose Japan 23
Who's Who in China..... 33
Men and Events..... 34
New Books of Interest in the Far East 36
Wheat Improvement Work Around Nanking..... ..... By D. Y. Lin 38

CONTENTS OF PREVIOUS ISSUES OF THE CHINA WEEKLY REVIEW MAY BE FOUND IN THE "INTERNATIONAL INDEX TO PERIODICALS," COPIES OF WHICH ARE ON FILE IN MOST STANDARD LIBRARIES.

PEIPING CAT-SKIN DEALER WHO GOT EVEN WITH THE JAPANESE

WHEN a Japanese geisha plays her samisen for the entertainment of banquet guests, whether in a lowly restaurant where proletarians gather or in the most exclusive cafe on the Ginza, neither the geisha nor her male guests realize their dependence on China for an important part of the show. The samisen, familiar Japanese musical instrument which resembles a certain type of Chinese fiddle or the Russian "ballalaika" is covered with the tightly stretched skin of a Peiping alley-cat. Some people who have attended Japanese banquets, finished off with numerous cups of hot sake, have professed to be able to hear the wails of Peiping alley-cats in the tones of the samisen, but that has nothing to do with the point to this story which is concerned with the Peiping cat-skin dealer who got even with the Japanese.

The officials of the Procurators' office in Tokyo have just discovered to their horror that a certain Japanese cat-skin dealer in the Asakusa district, who served as agent for a more important cat-skin dealer of Chinese nationality in North China, has been engaged in the smuggling of the skins of Peiping tabbies into Japan by the thousands. It seems the traffic has been going on for practically six years in which period skins valued at many thousands of yen have been smuggled into Japan without the formality of duty-payment. The Japanese dealer, according to a report in the Tokyo newspapers on May 24, was fined Yen 6,000. He stated in court that he had utilized the services of waiters and mess-boys on Japanese ships in his smuggling operations.

While not concerned with the Chinese cat-skin smuggling incident, a suggestion was made last week that Americans, or at least the Californians, might be justified in promoting a major smuggling enterprise in retaliation for Japan's action in barring California oranges from the Island Empire. The real reason for Japan's action in assessing an exorbitant duty of 100 percent against California oranges is not known, but was announced

as "protection" for Japanese "mikan" or tangerines, which were unable to compete with the California products. In some quarters it was stated that the Japanese were secretly trying to produce imitation California "navel-type" oranges in Formosa, but there was no confirmation of this report. Also it was not stated how the Californians planned to evade the high Japanese duty on one of their state's chief products, because they would not be able to invoke the services of the U. S. Army and Navy as the Japanese smugglers have done with the military branches of Imperial Japan in their illicit enterprises in North China.

CHINA SHOT 964 DOPE-ADDICTS, REGISTERED 1,569,805

DISCLOSURES at Geneva and Nanking last week dealing with China's efforts to eliminate the dope trade and Japan's efforts to propagate the traffic should provide subject matter for serious thought on the part of those who foolishly think Far Eastern complications can be settled without resort to force. While the Chinese authorities in a desperate effort to rid their country of the opium and dope-traffic executed 964 persons last year for violating the anti-drug and anti-opium laws, the Japanese at the same time were pushing the trade in both opium and narcotic drugs not only in their newly acquired territories of Manchuria and Mongolia and North China, but also in the Yangtsze Valley and in Fukien province on the South China coast. According to the official reports of Stuart J. Fuller, American delegate to the League of Nations Opium Commission, Japanese subjects operate drug factories practically everywhere, in Tientsin, Shanghai, Hankow and as for the puppet state of Manchukuo the narcotic trade is not only legalized but is officially propagated among the people. In North China the increase of Japanese military influence was followed immediately by the opening of opium-smoking dens and shops for the dispensing of habit-forming drugs. That the Japanese are using the dope trade to help finance their conquest of territory on the continent is obvious. Also it helps in pacifying conquered territory, thus serving as a potent branch of the military department.

The Chinese have shown their good faith in trying to restrict the trade by enforcing drastic punishment on violators of anti-drug laws. They not only registered more than a million and a half addicts who are being treated for the habit, but executed nearly a thousand law violators last year. But the futility of enforcement of such draconic regulations in the face of Japanese propagation of the traffic should be obvious. China might as well capitulate to the Japanese drug traffic because it is foolish to take up the time of the courts and firing-squads merely to reduce the number of Chinese customers of Japanese dope-peddlars. It's a futile process because the Japanese, by making the drugs available everywhere and using subtle methods of propagation can create more addicts than China can discover and kill off in any reasonable period of time.

The Japanese first engaged in the opium trade when they established a government drug monopoly in Formosa following their occupation of that island after the Sino-Japanese war in 1894. They announced the object was "gradual" suppression, but the suppression has been so gradual that the revenues of the Formosa Opium Bureau are practically the same as they were when the monopoly was established forty years ago. From the start in Formosa the Japanese have expanded the trade into the manufacture of derivatives, even into the fancy lines of habit-forming drugs, as was brought out in the League investigation last week. The trade has now reached a point where it is beginning to menace the Occident, particularly the United States. It is significant that those apologists for Japan who argue that the country should be given a free hand in the Orient always conveniently overlook Japan's participation in the narcotics trade.

MR. TEELING'S TESTIMONY ABOUT PERSECUTION IN MUKDEN

WILLIAM TEELING, described as a student of labor and unemployment conditions in Canada, United States, Europe, Australia and the Far East, who has been traveling in the Orient since 1934, recently described his travels in an address at Chatham House, London. The address occupied several pages in the May-June issue of *International Affairs*, organ of the Royal Institute of International Affairs. The following paragraph referring to the persecution of Chinese employes of foreign firms in Mukden, is of special interest because reports from North China in recent days have told of further Japanese arrests of Chinese in the former Manchurian capital:

> "Within the last few months something very alarming has happened in Mukden. I do not know how far it is known in Great Britain. Last October or November, between seventy and eighty people were arrested in Mukden, eight of whom are still in prison. It is true they were all Manchukuo citizens, but about half of them were working in the British-American Tobacco Co. One of them was the head of the Audit department in the Hongkong and Shanghai Bank; five or six of them were prominent doctors in the Irish, and, I think, the Scottish, Presbyterian Missions. They are said to have been mixed up in a Communist organization, called the One-Cent Club, where everybody subscribed a cent a week to help to educate the poor Chinese. They not only spent some time in prison, but they also received some extremely modern tortures. They had tubes put into them and water poured into them; some of them were given electric shocks until they completely collapsed, were then revived

and given a fresh supply. In the end, one of them, at least, went completely insane, and nearly all the doctors who were released have now gone to China. What they were questioned about has never yet been disclosed officially, and the answers to the questions, if they were questioned, have never been used against them. We all know, however, that they were warned they must not talk to foreigners about it. There has been, however, the inevitable leakage, and it is interesting that the only certain thing they were questioned on was what they had said to the Lytton Commission, and why they had said it. A heavy Japanese censorship prevented newspapermen from sending out the details to the world press."

Mysterious Tientsin Bombing—Preparing Scenery for New Act on Northern Stage

WE acknowledge due credit to a small Chinese "mosquito" paper in Tientsin for the suggestion that the alleged bombing of the Japanese troop train at Tientsin constituted a "salute announcing the unveiling of the next scene on the North China political stage." As the Japanese must realize the skepticism which prevails regarding their political and military moves, at least so far as the rest of the world is concerned, they doubtlessly will pardon most newspaper readers for mentally picturing "another Mukden explosion" when they read of the somewhat similar incident near Tientsin last Friday night.

The explosion apparently occurred before midnight of Friday, May 29 because the Chinese newspapers *Shun Pao, Lih Pao,* and *Kuomin* news agency reported under Tientsin date lines that night that there had been an explosion "at about 10 o'clock on the Peiping-Mukden Railway some 10 miles east of the East Station." Practically all of the initial reports stated that a bridge (No. 14) had been blown up. All traffic was stopped and a Japanese troop train was delayed. The *Shun Pao's* report on the following day said that the train records showed that a special Japanese trooptrain had left Tientsin at 10:10 P.M. the same evening (May 29) and had reached the station Changkweichuan, which was beyond the scene of the bombing, without an accident. This report still referred to the bombing as the blowing up of a bridge and said that ordinarily the distance between Tientsin station and Changkweichuan is covered by a train in about 10 or 15 minutes, but on this occasion it required the Japanese troop special more than 40 minutes to make the trip. The report alleged the special made two or three stops. Another paper, the *Ta Mei Wan Pao,* published a report stating the railway bombing had created an extremely tense situation. Gen. Sung Cheh-yuan and other members of the Peiping Council held a "hot discussion" about the increase in Japanese troops.

But the Chinese reports were no more confusing than were the Japanese reports. The semi-official *Domei* reported from Tientsin on May 30 that a Japanese military train, bringing infantry reinforcements to Tientsin from Tangku, "narrowly escaped destruction at 8:10 o'clock last night when a charge of explosives was set off under the rails . . the blast wrecked a freight carriage containing several horses, some of which were injured, but there were no casualties . . . the train proceeded under its own steam to the Tientsin railway station, 4,000 meters off, when an investigation was launched by the Japanese military . . Japanese military headquarters reported the explosives were so wired as to set-off automatically when the train passed over . . . " Further Japanese reports told of Chinese officials of the railway being placed under surveillance by Japanese military officers. A Chinese student and a train boy allegedly were removed from one of the trains when it reached the Peiping station. Another report alleged the Japanese had arrested some farmers in the vicinity. A Japanese military spokesman at Tientsin was quoted by Reuters as declaring that the explosives had been placed under the track and the wires arranged by "a certain Chinese student group." The spokesman also declared that the explosion "was certain to destroy Sino-Japanese friendship."

The *Reuter* report credited a Chinese patrolman with discovering the damaged rails and giving the alarm, thus preventing the Mukden express from being wrecked. But when the Chinese railway authorities at Tientsin tried to rush a repair gang to the scene of the explosion the Japanese military authorities interfered and dispatched a machine-gun detachment and a number of photographers with flashlights to the scene in order to take pictures. Chinese were not permitted near the place until the Japanese had completed their investigation and as a result the repairs could not be made until the following morning (May 30). The *Reuter* report then confirmed the original Chinese report that the last train to cross the spot was the Japanese military special containing three cars and 30 officers and men. The Japanese special, according to *Reuters* left the Tientsin East Station at 11:13 P.M., May 29. This train carried a machinegun crew, and according to the Japanese military statement its object was to patrol the track between Tientsin and Tangku . . . the men aboard this train are reported to have disembarked at Changkueichuang shortly before the explosion, which circumstance gave rise to suspicion concerning the authorship of the outrage. A Japanese troop train scheduled to leave Tangku at 10 o'clock that night was warned and postponed departure until 9:50 the next morning . . . the Japanese charged that as this train carried reinforce-

ments scheduled for Tungchow capital of the East Hopei Government, that the explosion was intended to wreck this train the exact time of the explosion was not determined but was thought to have ocurred between 11:30 P.M. and midnight. Further reports by *Reuters* on the following day stated that "mystery still enveloped the events of Friday night on the Tientsin-Tangku railway, the latest of several contradictory stories being that there were two explosions which occurred within a space of a few hours. It seems that two Japanese troop-trains arrived in Tientsin from Tangku on Friday evening, one steaming into the East station at 6:40 and the other at 8:20. It was the last train which the Japanese claimed was bombed a party of 30 Japanese military asked for the use of a railway trolley at 10:15 P.M., but when the Chinese refused the request they boarded a special train and proceeded to Hsinho to inspect the line.They left at 11:13 P.M. apparently they did not inform the Chinese authorities of the bombing of the 8:20 train as other trains passed over the track following the train which the Japanese claimed was bombed, there must have been two explosions, one of which damaged the Japanese train and another and later explosion which damaged the track.

The Chinese paper *Ta Kung Pao* also referred to the Japanese inspection of the line, stating that "more than 40 Japanese soldiers left Tientsin at midnight on a special train for Hsinho, the train proceeding at a slow pace to enable the Japanese soldiers to alight and inspect the tracks when the train reached a spot known as Changkweichuan, near bridge No. 14 they discovered that a section of the railway had been blown up as the ends of the rails were bent up at the intersection and there was a large hole underneath and two wooden ties had been shattered. A report in the *Peiping Chronicle* (Chinese owned) called attention to the fact that the alleged explosions occurred near the new Japanese barracks at Tientsin.

The Japanese paper in Tientsin *Keishin Nichi-Nichi* declared the bombing "exposed a plot against the Japanese and it was significant that it occurred on the anniversary of the outbreak of the Boxer rebellion." The paper added, however, that the situation in North China today was far worse than that which prevailed at the time of the Boxer uprising . that an attempt to overturn a train was suicide and the actions of the students threatened disastrous consequences. The real hero of the incident, according to an account in the *Peiping and Tientsin Times* (British) was a Chinese patrolman who discovered the damaged rails and ran and flagged the midnight express, thus preventing it from being wrecked. The report in the British paper confirmed that the last train to pass over this particular section of track, prior to the explosion, was the Japanese special carrying between 30 and 40 officers and men, allegedly engaged in an inspeetion of the track. Referring further to the incident the Tientsin paper said: "There are several hitherto unexplained features in this affairs. The chief is the assumption of the Japanese, as a result of their enquiries, and the damage to the freight-car on the 8:20 p.m. military special, that the explosion which damaged this car and presumably the track occurred when this train was passing a point some three or four miles from the East Station about 8:15 p.m., whereas the Chinese knew nothing whatever about this, sent off the Japanese military special for Hsinho at 11.13 p.m. and the Moukden express at midnight. The first indication of an untoward incident was when the patrolman warned and stopped the express about a quarter of an hour after it had left the East Station. The only explanation that appears feasible is that there may have been two explosions at about the same place, and that the first was not discovered or reported until a considerable time afterward. The damaged freight-car on the military special arriving at 8.20 p.m. was toward the middle of the train, and apparently it was the end furthest from the engine which was damaged, a dent being made in the roof about a square foot in extent, while one of the boards of the car was missing. It is also stated that three of the cavalry mounts in the car were injured. Doubtless fuller light will be thrown on these incidents when the Military and Railway Authorities have completed their investigations."

New Fish Market Authorities Promise Better Conditions to Dealers

After one day's strike in which numerous markets were without their fish supply May 26, the Shanghai fish dealers resumed business the following day. The decision was reached after the Fish Market authorities had promised to accede to their demands for better treatment as soon as they had been passed by the directors. The demands are: that the new Chinese standard (market) weights be adopted and that mongers be permitted to check the weight; that ice be sorted out from the fish cargo before weighing; that one-third of the commission be set aside for the construction of a guild. The trouble started when the management of the Point Island Market decided to charge the dealers fifteen cents a trip for using the trucks operated by the authorities, and forbade other means of conveyance from Tinghai Road Bridge to the Market. More than 2,000 mongers had arrived at the market, and as a protest against the new regulation, they decided to suspend business.

In an order issued this week the Ministry of Finance instructed that beginning from June 11 next all fish vessels entering Shanghai shall have to dock at the Central Fish Market at Yangtzepoo. This order, it is understood, is the result of a request of the Ministry of Industries in order to concentrate the fishing trade at the new market.

Current speculative reports to the effect that the establishment of the Central Fish Market was synonymous to a government control of the fish business in Shanghai were emphatically denied by Wu Ting-chang, Minister of Industries, in a press interview in Nanking May 28. Public welfare being the primary consideration, Mr. Wu explained, the main purpose of the opening of the Fish Market on Point Island was to solve the important supply problem of fish for the several million residents of Shanghai as well as for the population in the upper reaches of the Yangtse valley at large. The old fish market on the Nantao Bund, Mr. Wu stated, had been found to be inadequate and its storage system not hygienic, thus constituting a great handicap to the development of the Chinese fish trade as a whole. Taking the welfare of the fish hongs at the old market into consideration, Mr. Wu declared, the various fish hongs have been given the first rights to act as brokers, thus eliminating any possible consequences in unemployment.

In a short period of some twenty days since its inauguration, the Central Fish Market has made a profit of $855,737, according to the management.

United Front Aganst Japan—Or Another Civil War?

A *Reuter* dispatch from Canton on Wednesday evening, June 3, quoted Kan Chia-hou, Commissioner of Foreign Affairs as declaring that the Japanese *Domei* reports about a Canton declaration of war against Nanking were "absolutely false," and that Canton was only interested in obtaining united action against the Japanese. The Japanese newspaper *Shaughai Nippo* admitted on June 4 that no "anti-Chiang manifesto" had been issued at Canton, but claimed such was contemplated for issuance on June 7.

WHETHER the outcome of the present crisis in South China will be a united front against Japanese aggression, or whether it may lead to a resumption of worse domestic trouble could not be determined at the time this issue of *The Review* went to press. It also was unknown whether the political discussions which accompanied the official funeral services of the late Hu Han-min, held at Canton on May 25, 26 and 27, had any effect in precipitating the crisis. The Nanking delegation to the Hu Han-min funeral included the following: Chu Cheng, President of the Judicial Yuan, Chairman; Sun Fo, President of the Legislative Yuan; Yeh Chu-tsang, Secretary-General of Central Party Headquarters and Vice-President of the Legislative Yuan; Chu Chi-hua, acting Secretary-General of the Central Political Council and former Minister of Communications; Chu Min-yi, former Secretary-General of the Executive Yuan; Fu Ping-chang, chairman of foreign relations Committee of Legislative Yuan; Hsu Chung-chih, Vice-President of the Control Yuan; Li Wen-fan, Vice Chairman of the Pensions Committee of the Central Executive Committee.

While most of the members of the delegation had returned to Nanking prior to the crisis, Sun Fo and one or two others had only reached Hongkong from Canton when the news "broke" that the Kuomintang Executive Committee and the Southwest Political Council had sent a telegram to Nanking protesting against the increased Japanese garrisons in North China and demanding immediate war against Japan as the only means of saving the country. The Canton telegram, acording to a *Reuters* dispatch from Canton on June 2, denounced Japanese aggression which included economic methods as well as military and expressed the fear that Peiping and Tientsin "are going the way of Manchuria." Continuing, the telegram declared that "feeding the enemy with territory is like feeding a fire with firewood ....we insist that not one inch more of Chinese territory be alienated and urge the Central Government to lead the fight against the invaders only a grim war of resistence can save China since appeals to the League of Nations and conciliation have both failed... a war of resistence is the only means of preserving China's national existence ....we appeal for united action...."

The foregoing was the only definite information available to Wednesday evening, June 3 — excepting a flood of officially inspired Japanese reports through the *Domei Service* alleging that Canton's telegram amounted to an ultimatum against Gen. Chiang Kai-shek and that the dispatch of the telegram had been accompanied by the movement of large bodies of troops from Kwangtung and Kwangsi into the adjacent provinces to the north, including Fukien, Kiangsi and Hunan. The initial *Domei* report which reached Shanghai newspapers at about 10 o'clock Tuesday night, June 2, declared that Canton and Kwangsi, in order to forestall the threat of an attack by a "huge concentration of Central Government troops massed along the borders of Kwangtung and Kwangsi provinces," had proclaimed war against Gen. Chiang Kai-shek and also "against Japan." The report alleged that Canton would establish an independent government immediately and that forces had been ordered into Hunan and Kiangsi.

Beginning with the report on Tuesday night the local newspapers have since been deluged with Japanese reports from Canton referring to the "impending" civil war, one report distributed early on Wednesday morning starting out, "The specter of civil war lengthened its shadow over southwestern China today as 200,000 Kwangtung and Kwangsi troops moved in three different directions toward neighboring provinces." A later report, distributed about noon on Wednesday declared that "Fifteen Southwest bombers and scouting airplances roared their way toward the northeastern border of Kwangsi this morning to cooperate with the advancing armies, etc., etc." Further Japanese reports alleged the Southwestern Council had sent telegrams to Nanking denouncing Gen. Chiang Kai-shek and accusing him of concerning himself with domestic affairs "when the country was being consumed piecemeal by Japan." Further charges were made that troop concentrations in Yunnan and Kweichew were intended for an advance into Kwangsi. Also it was declared that Canton was upholding the principles of the late Hu Han-min, hence was moving its troops "against Chiang, against Japan and against bandits." (Hu Han-min's political will urged opposition to Japanese aggression, Soviet communism and the establishment of a dictatorship at Nanking.)

It now appears that the fake Japanese news reports were issued with the object of stirring up trouble in South China as a means of bringing more pressure on Nanking and also for the purpose of distracting attention from the crisis created in the North due to the increased Japanese garrisons. In many ways the *Domei*

reports constituted the most remarkable example of deliberate faking of news ever presented by a supposedly reputable news agency in the Far East or elsewhere.

Nanking completely ignored the reports of troop movements and none of the Chinese newspapers, up to Wednesday evening, had published anything about the telegrams which Canton allegedly had sent to Nanking and also to all provincial capitals. Nanking spokesmen, however, strenuously denied the reports of troop movements and claimed that Gen. Chiang had withdrawn all troops from points which might be regarded as threatening to the South. Nanking spokesmen also declared that civil war at this time would be suicidal and charged that the Japanese were trying to precipitate a civil war in order to divert attention from the crisis in North China caused by the increased Japanese garrisons. In some quarters it was charged that the political and military leaders at Canton had decided to capitalize present unrest among students and merchants, due to the Japanese troop movements and smuggling in the North, to launch a political drive with the object of ousting Gen. Chiang Kai-shek from the Central Government. There also were allegations that certain groups in the South had recently sought Japanese help in order to "oust Gen. Chiang Kai-shek whom the Japanese now distrusted."

Japan, Irked by Trade Restrictions, Masses Principal Criticism Against Australia

CONFRONTED with a number of delicate political and trade questions the Japanese Government seems, at least for moment, to have decided to concentrate mostly on matters having an anti-British angle. The irritation of the Japanese against America suddenly deciding last week to raise by about 40 per cent the duty on cotton textiles, a move which will hit Japanese cotton piece goods particularly, is very considerable, but actual moves at retaliation against the United States have so far been inconsequential. Although caustic utterances were made in a number of Tokyo newspapers concerning America's action in suddenly raising the tariff rates, a different note was sounded by Tozo Abe, managing director of the Mataichi company, cotton textile dealers. Mr. Abe opposes the adoption of retaliatory measures against the United States. He is reported to have said that Japan could not at any rate regard the United States, which has a highly developed textile industry of its own as a particularly good market for Japanese cotton cloth. Moreover, he expressed the opinion that Japan would still be able to export 30,000,000 square yards of cotton cloth to the United States despite the tariff hike. However, Mr. Abe pointed out that if Japan should curtail its purchases of American raw cotton this might lead to friction between the producers of raw cotton and the textile manufacturers and this might tend to have America reconsider the matter. However, he added, it was important to remember that the United States is the largest consumer of Japanese raw silk. Many of the Japanese textile exporters, it may be incidentally stated, adopted the attitude that Central America was a much more important market for Japanese goods than was the United States itself, which has its own textile industry.

Although on the whole the Japanese press and Japanese merchants were vociferous in demands for retaliatory action against Australia, the more cautious among them pointed out that Japan has already bought this season's wool from Australia amounting to 662,000 bales, an increase of 209,000 bales over last year. Should the Trade Safeguarding Law be invoked against the Dominion, it would, therefore, not be effective until September when the new wool appears on the market. Many Japanese feel that if Japan restricts her wool imports from Australia, it will inject a strong element of uncertainty in the Dominion's wool market. Tokyo newspapers observed that the Australian action had been timed so as not to allow the step to become an issue in the Japanese Diet, which has in the meantime adjourned.

Another angle to the Australian trade controversy is that Japanese shipping companies fear that their routes to Australia would suffer. Mutually retaliatory measures would undoubtedly cut down on the Japanese shipping revenue. The freights collected by Japanese shipping compainies on wool alone amount to about eight million yen a year.

Telegrams from Melbourne stated that the Australian Government was perturbed over reports that Japan viewed the Commonwealth's new tariff policy under which tariff increases and a licensing system on a wide range of foreign goods are being introduced as the first shot in a trade war between the two countries. The Australian Ministry of Commerce, it was pointed out, would grant Japan permits for the import of rayon, the licensing of which was only designed to shut out imports of said article from the United States. The Ministry, it is was added, would view favorably applications for licenses from all "good customers," of which Japan is one of the

principal. No restriction or other increased duties would be placed on Japanese rayon and other textiles, it was stated.

As was to be expected, Manchukuo is being brought into line in the trade war against Australia. Recent telegrams from Hsinking stated that the Ministries of Finance, Industry, Foreign Affairs and other departments were studying means of making Manchukuo self sufficient in wheat and preventing the influex of Australian wheat flour, bearing Shanghai labels. The aim is to check the importation of Australian wheat through China, and also to raise the production of flour in the puppet territory.

In spite of all the bans placed on Japanese articles, it was, nevertheless, reported from Tokyo at the end of the month that the export of miscellaneous goods from Japan set a new high mark during the previous ten days when shipments of this kind comprised 58 percent of all outward movements. Articles in this category shipped abroad amounted to Yen 14,000,000, which was also a new record.

Tokyo and London Will Seek to Establish Improved Trade Relations

High Government officials and leading businessmen in Tokyo and London are reported to be studying means for the elimination of the existing trade differences between the two nations. Lord Barnby, who in 1934 headed the Federation of British Industries' Mission to Japan and Manchukuo, has recently asked Baron Seinosuke Goh, President of the Japan Economic Federation, to visit Great Britain in an effort to improve the commercial relations. *Domei* states that the necessity of dispatching Japanese businessmen to Great Britain to confer with leading British industrialists on the elimination of all points of friction was discussed earlier this month by Baron Goh with Shigeru Yoshida, the newly appointed Ambassador to the Court of St. James', who left for his post on May 21.

Japan May Buy Pig Iron in India So as to Aid Indo-Japanese Negotiations

Domei states that a proposal to shift Japan's purchases of pig iron from Soviet Russia and the United States to India, in exchange for increased Indian purchases of cotton textiles in Japan, has been made to the Government by the Council for the Study of Iron and Steel National Policies.

The plan, if carried out, would, in the opinion of the Council make the outlook of the forthcoming Indo-Japanese trade pourparlers very promising.

Supplementing his written protest against the Australian Government's recent increase in cotton textile and rayon tariffs, Kuramatsu Murai, Japanese Consul-General in Sydney, proceeded to Canberra last week to point out that the new import rates would deal a death blow to Japanese exports to Australia.

Japan's Textile Exports Decline

Exports of cotton textiles in the first four months of this year totalled 857,304,600 sq. yards, registering a decline of 92,489,332 sq. yards in comparison with the corresponding period of last year, the Japanese Guild of Cotton Textile Exporters announced May 27.

Increased quantities of textiles were purchased by Manchukuo, Hongkong, Aden, Europe, Africa, exclusive of Egypt, and Oceania, exclusive of Australia, while exports to British India, the Dutch East Indies, Australia and the countries of Central and South America showed a decline.

Japan May Buy Wool in Iraq

On the warpath against Australia, Japanese manufacturers of woolens are studying ways of shifting future purchases of wool from the Dominion to other countries, including Iraq.

Checking of American Cotton Imports Proposed As Retaliation for America's Tariff Raise

The *Jiji* May 23 stated that the Japanese cotton industrialists have been stiffening their attitude in regard to counter measures to be taken against the latest cotton cloth tariff raised by the United Statse, being of the view that the tariff raise designed to check Japanese co tton textile imports gives very serious consequences to the future of Japan's export trade on the eve of the forthcoming Japanese trade conference and in view of the rayon complications between India, Japan and Australia.

Shanghai Cotton Magnate Investigates North China Cotton Production

Yung Tsung-chin, Shanghai cotton magnate, is making an inspection tour of industrial and commercial conditions in Peiping, Shansi, Shensi and southern Hopei. He is particularly investigating cotton production in said regions.

Japan Increases Purchases of Cotton in Brazil

Japan has purchased 130,000 bales of Brazilian raw cotton so far this year. Some 150,000 or 160,000 bales are contemplated to be bought before this end of this year. Compared with last year's purchases, which amounted to only 13,000 bales, this year's purchase showed remarkable increase, and shipping companies are finding difficulties in securing tonnage. Cotton production in Brazil this year is put at 1,700,000 bales.

The Chinese Cotton Goods Exchange, in an urgent telegram to the Ministries of Finance and Industry, reports that certain Japanese merchants are making plans for the establishment of an illegal cotton goods exchange at Shanghai. The message requests that precautionary measures be adopted by the Government to prevent the sabotage of the Chinese cotton market by the Japanese. The Ministry of Finance has requested the Greater Shanghai Municipal Government to investigate the matter.

Tokyo Paper Advocates Definite Economic Policy Towards England

Discussing what it described as the aggressive attitude assumed by Great Britain towards Japan, in the latter's trade relations with Australia and Egypt and the smuggling issue in North China, the Tokyo *Yomiuri*, May 30, counselled the Government to formulate a definite economic and foreign policy towards Great Britain. The *Hochi*, another leading journal in Tokyo, expressed its regret at the forthcoming tariff war between Japan and Australia, but hoped that the proposed cessation of imports of Australian wool would import a powerful impetus to the development of sheep breeding in Japan and Manchukuo. Rayon and cotton manufacturers and exporters in Japan united May 23 in urging the Government to invoke the provisions of the Trade Safeguarding Law against Australia, in retaliation for the imposition of heavy tariff levies on Nippon-made products by the Canberra administration. The cotton and rayon interests voiced their indignation at Australia's proposal for the imposition of a specific duty on the imports of rayon fabrics and cotton piecegoods, which, they pointed out, is prohibitive, equalling 300 per cent advalorem. Referring to the fact that Japan purchases three times at much in Australia as the latter buys in Japan, these interestes asked for the restriction of imports of Australian wool and wheat through the introduction of a license system.

U. S. Hits Japanese Textiles with 42 Percent Tariff Increase

Increased tariffs on the importation of cotton goods were proclaimed May 21 by President Roosevelt. The new duties range from 34 per cent ad valorem for yarn to 42 per cent for cotton cloth. This action is aimed principally at the larger shipments from Japan. New England textile manufacturers, particularly, had been protesting for some time.

Domei stated that Japanese cotton textile circles appeared "stunned" by the Roosevelt proclamation. The jolt appeared to be doubly hard as reports had indicated the impending conclusion of an agreement between the Tokyo and Washington governments restricting Japanese cotton textile exports to the United States at about the total of last year. Mutterings against American "unfriendliness" were heard among traders in Japan who pointed out that Japanese exports for cotton cloth to America last year totalled about 50,000,000 square yards. Total cotton cloth consumption in the United States last year was around 7,000,000,000 square yards. Advices from New York branches of major Japanese firms all interpreted the President's action as having been dictated by political motives.

Manganese from Low Grade Ore to Make U.S. Independent of Foreign Supplies

Although America in many respects is blessed with an abundance of natural resources it is a fact not generally appreciated that the country is exceedingly weak in a considerable number of the most vital metals which are required in modern manufacture, whether the products are to be used for peace or war. Among the metals in which America is almost entirely dependent on foreign sources for supply are tin, nickel, manganese, and chrome. Tin mostly comes from the Straits Settlements, nickel from the Sudbury district in Canada, manganese from Russia and chrome from Africa. The United States has few deposits of any of the above ores, or at least few that have been considered of any real value. Recently, however, a new method of extracting manganese from low grade ores has been developed by R. S. Dean, Chief Metallurgist of the United States Bureau of Mines, and it is hoped that as a result the United States will be able in future to drawn on domestic sources for its needs. For the first time in history, Mr. Dean says, maganese can now be recovered electrolytically from ore containing as little as 10 to 15 per cent of the metal.

77-011

The Declaration of Gen. Li Tsung-Jen, "Strong-Man" in South, on Resistance

The full text of General Li Tsung-Jen's "Declaration" on Sino-Japanese relations was published in the Nanning "Kuo Min Jih Pao," in Kwangsi, and is briefly translated into English by C. Y. W. Meng.

"THE urgent necessity in China today is to unite all people in the country into a solid front to fight for national salavation. In order to struggle for liberty and equality and to preserve the integrity of our sovereignity and territory, we must not allow the present state of affais to last, we must change the policy of 'delay', 'evasion', 'temporizing' and 'procrastination,' and we must start our fight for the emancipation of our people from the aggressor, in the spirit of 'preferring' to have the whole country laid waste before gun-fire, rather than to surrender'. We must inform straight-forwardly the aggressors, and further, demonstrate before them the spirit and ability of the people of the Republic of China to fight for the self-preservation and independence. Only in this way, is there a possiblity for us to exist, and will there be a ray of hope for peace in Sino-Japanese relations.

"When one country is being invaded by another, the former should put up resistance in order to demonstrate the spirit of fighting for independence and self-preservation, not to speak of the Japanese invasion, which is limitless. The "Declaration of April 17, 1935" makes it very clear that the object of the Japanese aggression is to conquer all of China. Under such circumstances whether the Chinese people will live or will be killed will be decided—it is more important that the only recourse is to fight, and we should not regard whether our forces are adequate to fight or not. It is because when we resist, we will exist; but when we surrender, we will be annihilated.

"Though to fight, makes sacrifice inevitable, yet we must know that not to fight will only make sacrifice greater. To sacrifice without a fight will only result in the annihiliation of the race and country. To fight, though it means sacrifice, will lay the foundation for the recovery of the nation. Further, when we are determined to resist, war might be avoided. Only those who can fight are qualified to talk peace. Should we submit we will only make the spirit of the Chinese people more degraded; and open the way for the aggressors to carry out their 'poisonous' policy of bidding the Chinese to oppose the Chinese."

The Chinese Policy in the Past Condemned

The General went on to discuss the "policy of reliance," and the "opportunist policy," in the past. When China adopted a policy of reliance on the League of Nations, certain quarters believed that the outside assistance would be sufficient to block the Japanese aggression in China, that Russo-Japanese war is not remote, and that Anglo-Japanese or American-Japanese struggle for hegemony in Asia was inevitable: it was thought that it is better for China to be patient for a while. In the event of the outbreak of international war, China would have a chance of recovering her "lost territory," etc. But according to General Li, all these are "fantastic," pointing out that at present Japan confines her aggression in China only, there being no necessity for her to come into conflict with other powers. Russia, being so busy with internal reconstruction work; and further, being in trouble with Herr Hilter on the Western border, will not fight Japan. Great Britain, though it now feels the restraint of the Japanese political and economic pressure, regards still the world peace and present staus quo more important than anything else. She is also too busy with Europe to pay any attention to Far Eastern affairs. As to the United States her abandonment of the Philippine Islands indicates that the Mighty Dollar has no idea to get into trouble with the Islanders. "So we can say that neither Russia, nor Great Britain, nor the United States is determined to have a war with Japan. To cooperate among them to oppose Japan could also be hardly realized yet, due to the conflict of interests. Though we can not say that the world war will not break out, we can at least say that no one could say when it will break out. If we do not put up resistance to oppose the Japanese aggression at present, not only it will make difficult for other powers to come to our assistance, but also, we already become the 'colonists' of the aggressor before the world war breaks out. But on the other hand, it would create a new international situation which would cause the powers to adopt a stronger attitude towards Japan. At that time, we could take advantage of the chance to seek for our existence. The world will then know who is the ringleader in destroying the peace in the Far East, and who has brought about catastrophe to the Chinese-Japanese people, and who is to be blamed!"

Can China Fight Japan?

The "Strong Man," in his declaration, expressed his disapproval of the arguments presented by some Chinese people that China "could not" fight with Japan; and said convincingly that China "could fight" with Japan by stating the following reasons:—

General Li pointed out that to say that because the Japanese forces are more powerful than the Chinese, and that Japan could conquer China in "three days" — as is believed in some quarters — is to ignore the fact that Dr. Sun Yat-sen's overthrow of the Manchu Dynastry was not due to the powerful forces under his command; and that the success of the Northern-Expedition of 1925 was not due to the superiority of armaments of the Revolutionary Armies, "If we can decide to oppose the Japanese aggression the latter will have no chance to show their materialistic superiority in armanents over us, while the very weak points on our side will be the deciding factor in the battle!" said the General.

Militarily, China is a big country with immense population but poor means of communication. Should the people in every part of the country rise up and cooperate with the soldiers to fight the aggressor with dauntless spirit, the latter will have no way to quickly conclude the warfare. When the war is going on, the enemy, being exhausted with ceaseless exertions, and being isolated from the world; and further, facing political, economic and social difficulties at home, is surely on the way to deterioration—a factor which will decide the battle. It is because it is a war between the 'might', and 'right', and 'aggression' and 'legitimate selfdefence'. That 'right' will always come out victorious at the end may be evidenced by the fall of Napoleon in France and William II in Germany.

"Economically, at present China has no heavy industrial center which should be apprehensive of the Japanese bombardments. Along the coast, there are commercial centers, but no manufacturing centers. The Japanese blockade will not kill the Chinese, for the farmers can still go on to till their fields and produce rice as usual. On the other hand, the economic crisis—which is already acute enough in Japan—is sure to become

more acute than ever before. Should the war last longer, not only would it be very difficult to raise necessary funds to finance the war, but also the economic crisis in Japan would be aggravated and cause an outbreak in Japan.

"Politically, China's campaign to oppose Japan will inevitably lead to clashes among the 'Rightist', and 'Liberalist' groups in Japan. In ordinary times, their conflict is already serious. In time of war with a foreign country, the situation in the country will be aggravated, leading to further political crisis. But on the other hand, in the course of our fight for emancipation from the aggressor, our people will be united, thus we lay the foundation for the solid political organization to come.

"Internationally, China's campaign to oppose Japan will enlist more sympathy and will invoke more assistance and action from the powers."

"So by a close study", said General Li, "we know that by putting up resistance, there is no reason why we should be defeated. On the contrary, there is no doubt that the final victory will be ours!"

The National Recovery and Resistance

"Lastly, unless we fight, we can hardly realize the national recovery. It is said that war will bring about destruction to civilization, so it is better for the Chinese to submit to the Japanese demands, and that unless we are driven to the extremity, we will not fight. If such statement is not made with other motives it must be made due to lack of sufficient knowledge." General Li feels no nation in the world which has already lost its independence could preserve its own civilization. "To invoke a war of self-defence is the most effective way to preserve our own civilizaton. But to submit ourselves to Japan is nothing short of destroying our civilization," said General Li.

Concluding his declaration, General Li said that in order to seek for the "peaceful settlement" of Sino-Japanese problems, "we must put up resistance first," that the Chinese determination to fight against Japan will do much to hasten the coming into existence of a government in Japan, which is more representative of intelligent Japanese people. "Only under such circumstances, and by the principles of equality and mutuality is it rational for China and Japan to readjust their relations. So whether China is to 'exist' or to 'die', all depends on whether China will fight or not; and whether China will be victorious or defeated, all depends on the spirit of the Chinese, not only on armaments alone. In other words it all depends on whether the Chinese people and the Chinese militarists will be awakened or not; and whether the Chinese militarist leaders will lead us to present a united front, in the spirit of laying the whole country waste to fight for the emancipation of the Chinese people from the aggressor", emphasized General Li inter alia.

Suma Declares China Must Choose Peace or War; Japanese Troops Pour Into North China

HIGH LIGHTS IN THE EVENTS OF THE WEEK:

1. **Foreign Minister Arita Reiterates Three-Point Policy Towards China.**
2. **Tada Says China's Goodwill Messages to Japan Sheer Waste and Useless.**
3. **Japanese Troop Reinforcements Pour Into Peiping and Tientsin.**
4. **Southwest Strongly Protests Against Increase of Japanese Troops in North China.**
5. **Japanese Troop Train Narrowly Escapes Bombing Explosion Near Tientsin.**
6. **Gens. Hsiao and Sung Reported to Have Resigned From North China Posts.**
7. **Kawai Raps Use of "Anti-Japonism" as Political Tool in South China.**
8. **Mongolian Army Organized by Japanese With Prince Teh as Commander-in-Chief**
9. **Alleged Finding of New Dalai Lama Denied by Tibetan Authorities in Nanking.**
10. **2,000 Communists Who Have Entered Sikang Advance Near Tibetan Border.**
11. **Important Developments Expected to Follow Nanking-Canton Discussions.**
12. **Bronze Statute For the Late Hu Han-min to Be Erected in Canton.**

"The situation is such that China must choose between mutual interdependence with Japan or war with Japan," declared Y. Suma, Japanese Consul-General in Nanking, on his arrival at Kobe May 30. "I have definitely stated this to General Chiang Kai-shek," he added. "For Japan to retreat one step would mean a general retreat. Japan must advance straight ahead with its immutable convictions."

China's dilatory tactics in dealing with Japan are based on the belief current among Nanking officials that a world conflagration is impending, Mr. Suma told his superiors at Tokyo at a conference June 1, according to a *Domei* message. Should the expected war break out, China's relations with various Powers could then be readjusted to her best advantage taking into account the particular weakness of each individual nation, in the belief of Nanking officialdom, Mr. Suma is reported to have said. As evidence of this latent desire to play one power against the other, Mr. Suma is understood to have cited China's reliance on British support in the present press and diplomatic campaign regarding the smuggling situation in North China. Mr. Suma also cited the increasing Communist activities in North China and the mounting signs of a Sino-Soviet *rapprochement*.

Official circles in Nanking are not paying much attention to the utterances of Mr. Suma, made upon his arrival in Kobe May 30. Consul-General Suma, it was pointed out in Nanking, is a secretary of the Japanese Embassy and hence is not in a position "to say such things."

FOREIGN MINISTER ARITA REITERATES THREE-POINTS POLICY TOWARDS CHINA

The Foreign Minister, Hachiro Arita, interviewed by pressmen May 30, reiterated the thiee points as "guiding principles" in Japan's policy toward China:—

1. Recognition of "Manchukuo."
2. Co-operation in checking Communist penetration.
3. Extermination of anti-Japanese agitation.

High army officials in Tokyo insisted that China should end conversations on the subject of Sino-Japanese rapprochement and take active steps for its materialization. The Army, they continued, wants the settlement of all pending Sino-Japanese issues, which include the establishment of aerial communications between the two countries, construction of railways in China, eradication of communism, and the settlement of North China problems.

In a press interview at Tokyo May 16, S. Kawagoe, new Japanese Ambassador to China, declared that the Nanking Government is digging its own grave if she attempts to join hands with Soviet Russia or any other power. The Japanese diplomat emphasized that the carrying out of Mr. Hirota's three principles is the only way for existence for the Chinese people.

TADA SAYS CHINA'S GOODWILL MESSAGES TO JAPAN SHEER WASTE

"One hundred Chinese messages of goodwill towards Japan, and one hundred cordial replies to them would be sheer waste unless China liquidates her suspicions of Japanese actions." This was the statement made at Tokyo June 2 by Lieut.-Gen. Hayao Tada, former commander of the Japanese forces in North China, as he commented on the address made in Nanking on May 25 by Gen. Chang Chun, Chinese Minister of Foreign Affairs, advocating friendship between Japan and China. "It seems as if Gen. Chang is seeking to promote Sino-Japanese amity by means of statements and other methods. But no matter how many times such things are repeated, it is hard to anticipate any results as suspicion and prejudice are deeply imbedded in the Chinese mind, he said.

"I am convinced that the only way we can achieve real Sino-Japanese frindship is by the unswerving execution of our convictions as to how peace and stability can be brought to East Asia. Naturally, we should also look at ourselves and be sure that

77-013

nothing we are doing is reprehensible," Lieut.-Gen. Tada continued.

"I consider it a grave matter for the Chinese government to accuse our forces at Chinwangtao of protecting smugglers," the officer went on. The increase of Japanese forces in North China, he added, was an adequate measure" for the protection of Japanese residents.

JAPANESE TROOP REINFORCEMENTS POUR INTO TIENTSIN AND PEIPING

Four Japanese Army transports arrived at Tangku May 28. The Cavalry sections aboard the vessels disembarked, while the Infantry remained aboard over night and began disembarkation operations May 29. The first train carrying the members of the cavalry division arrived in Tientsin at 6.50 p.m. May 29 and the infantry soldiers at 8.20 p.m. The majority of the Infantry troops are expected to proceed to the newly-built barracks in the vicinity of the International Race Course. The remainder of the force, including the tank section, is marching to Haikuanssu, where other Japanese barracks are situated. Another train, which is conveying reinforcements to Peiping, arrived at Tientsin at 11.20 p.m. May 29. Still another train is carrying some of the troops to Shanhaikwan.

Two batches out of the Japanese troops arriving at Tientsin came to Peiping May 31. The Japanese Military Attache there, Major Imai, states that when the movements are complete, there will be 1,000 Japanese troops in the Peiping area, which compares with the average of 300 men for some years past. Military barracks are at present being built at Fengtai, at the railway junction south of Peiping, and, when this has been completed, the present force of Japanese troops at Tungchow, capital of the East Hopei "autonomous" regime, will be transferred there. Major Imai denied that barracks were being built at Tungchow and Changsintien. He also denied that Japanese troops would occupy the Chinese barracks at Nanyuan.

The Chinese Ambassador to Japan, Hsu Shih-ying, called June 1 on Japanese Foreign Minister Arita, and is reported to have made strong representations concerning the increase in the strength of the Japanese garrison in North China, which, he said, the Chinese Government found unwarranted. Mr. Arita is reported to have given several reasons for the increase, including the activities of the Communist forces in Shansi and the underground activities of Communists in Hopei. He is also stated to have cited the bombing of a Japanese troops train on the Peiping-Mukden Railway on May 29 (an incident which occurred after additional reinforcements had been landed in North China) as "another example of the state of unrest prevailing." All these things, he continued, necessitated the increase in the strength of the Japanese garrison, which, he contended, was permitted under the Boxer Protocol.

Mr. Hsu conferred the same afternoon with Foreign Minister Arita on problems relating to Sino-Japanese trade.

The explanations given by the Japanese Government concerning the recent increase of Japanese troops in North China have been rejected by Nanking and instructions have been issued to the Chinese Embassy in Tokyo to make further representations on the subject. As soon as the news of Japan's intention to increase her troops in North China was received in Nanking, representations were made to the Japanese Embassy that the measure is entirely unwarranted by conditions in the North and that it would not fail to irritate Chinese feelings. It was pointed out that the measure did not accord with Mr. Hirota's principle of "non-aggression and non-menace," and should be dropped in the interests of both countries. At the same time the Chinese Ambassador in Tokyo was instructed to make similar representations with the Japanese Foreign Office.

SOUTHWEST PROTESTS AGAINST INCREASE OF JAPANESE TROOPS IN NORTH CHINA

Formal opposition to the increase of Japanese troops in North China was voiced May 28 by the Southwest Executive Committee of the Kuomintang in the following declaration :—

"Recent reports apprise us that Japan has increased her garrison troops to 10,000 strong along the Tientsin-Peiping railway, and that barracks have been built and headquarters established at Peiping. The intention of the Japanese to stay permanently in China is plain. Thus this act constitutes a flagrant violation of China's sovereignty.

"The right to station garrisons in China may be traced to the International (Boxer) Protocol, which stipulated that a small number of troops could be stationed by the signatory Powers along the route between Peiping and the ocean in order to keep the route to the sea always open. "Japan, however, has now disregarded the Protocol, and has increased her troops on her own accord. Japan extends the excuse that she takes this step because she wishes to help China cope with the Communists in North China. To this we may say that the work of Communist suppression belongs solely to the Chinese Government, with which Japan has no right to interfere. Furthermore, the numerous troops of the 29th Army could certainly cope with the situation. We expect all signatory Powers to the International Protocol to protest against Japan's action, and we call upon all Chinese to oppose the perpetration of this act of aggression."

JAPANESE TROOPS TRAIN NARROWLY ESCAPES BOMBING NEAR TIENTSIN

A Japanese troops train was damaged, by an explosion which tore up a section of the track on the Peiping-Mukden Railway between Tientsin and Tangku in the night of May 29, according to *Reuters*. The troop train was conveying from Tangku to Tientsin some of the newly-arrived reinforcements for the Japanese North China garrison when a charge exploded under it, damaging a freight wagon containing cavalry mounts. Three of the horses were injured. Fortunately, none of the soldiers was hurt. The outrage has been promptly described as "another Mukden incident," and grave political repercussions are feared. The Japanese attribute the deed to student elements. The scene of the explosion was a point in the vicinity of Bridge No. 14 situated between Tientsin and Changkueichuang. An official statement issued by the Japanese military authorities says the explosion occurred three miles from the Tientsin East Station.

Mystery envelops the events of the night of May 29 on the Tientsin-Tangku railway as the result of a report—the latest of several contradictory stories—suggesting that two explosions, not one, occurred within the space of a few hours. Two Japanese troop trains arrived in Tientsin from Tangku that evening, the first steaming into the East Station at 6.40 and the second, with 700 men aboard, at 8.20. The second of these trains, the Japanese allege, was bombed a few miles east of Tientsin, but whether the track was mined or an explosive missile thrown is not stated. Chinese reports, however, refer only to an explosion in the vicinity of Bridge No. 14 at midnight, and state that the Mukden express was stopped shortly after this. The Chinese railway authorities assert that they were not aware of the bombing of the 8.20 train until Japanese military officials visited the Tientsin East Station the following morning to inspect the wagon alleged to have been bombed. *The Keishin Nichi Nichi* declares that "the bombing of troops trains exposes a plot against the Japanese Army." The situation, it says, is now worse than it was at the time of the Boxers.

GENS. HSIAO AND SUNG SAID TO HAVE RESIGNED FROM NORTH CHINA POSTS

Reports were in circulation in Tientsin May 30 to the effect that General Sung Cheh-yuan, chairman of the Hopei and Chahar Political Council, and General Hsiao Cheng-yin, Mayor of Tientsin, had both resigned. Their resignations, according to the reports in question, were not related to the railway bombing incident but to the diplomatic situation.

Another report states that General Hsiao Cheng-yin, Mayor of Tientsin, has been removed from his post by the Hopei and Chahar Political Council. This has been done, the report adds, at the instance of the Japanese military authorities in Tientsin, who are alleged to have been dissatisfied with General Hsiao because he recently transferred General Liu Yu-shu from the post of head of the Bureau of the Public Safety to the Public Works Bureau, who was recommended by the Japanese and apparently enjoyed Japanese support.

With high officers of General Sung Cheh-yuan's 29th Army reported to becoming restive under continued Japanese pressure, aggravation of the existing tension in North China is expected, stated a *Reuter* message from Peiping May 31. An important meeting, attended by all the high officers of the Army, was held in the night of May 30 at the house of General Sung Cheh-yuan, chairman of the Hopei and Chahar Political Council. It was decided, *Reuter* learned, that General Hsiao Cheng-yin should not resign his post as Mayor of Tientsin, as "suggested" by the Japanese military authorities, but return there from Peiping to resume his duties.

General Sung Cheh-yuan, interviewed by Chinese pressmen, complained against reports in the Peiping Japanese newspapers that the Japanese military authorities were shortly delivering a strong "warning" to him. When he next saw Major-General Matsumuro, said General Sung, he would request an explanation of this "warning." Such reports, he declared, did not help to improve the situation, or Sino-Japanese relations.

Political interest in Tientsin now centers on the activities of General Hsiao Cheng-yin, who has returned from Peiping, presumably to resume his duties as Mayor. Rumors of General Hsiao's resignation, actual or impending, as the result of Japanese pressure have been current for some days, and these were stimulated by his departure for Peiping last week.

Reuter reported from Peiping May 31 that high officers of the 29th Army commanded by General Sung Cheh-yuan had decided to support General Hsiao if he would return to his post. The Japanese reply to General Hsiao's return is awaited with grave anxiety. Japanese reports predict the resignation of General Sung and the withdrawal of his army southward.

General Hsiao himself, however, appeared optimistic when interviewed June 1. "The situation in the North is easier," he declared. The restiveness of the 29th Army is stated in Chinese circles to be due to the reported dismissal of Chen Chung-fu, Chairman of the Foreign Relations Commission of the Hopei and Chahar Political Council. The officers of the army, these circles declare, believe that Mr. Chen is being made a scapegoat for diplomatic failures. Speculation surrounds the arrival of General Chang Chih-chung, Chairman of Chahar, in Tientsin with General Hsiao. He was recently mentioned as General Hsiao's successor or as Governor of Hopei, and it is understood that his appointment is favored by the Japanese.

Inspired by officers of the 29th Army who still recall their gallant defense of Great Wall passes some three years ago against Japanese

invasion, General Sung Cheh-yuan, chairman of the Hopei-Chahar Political Council, has decided to take a stronger attitude against the Japanese military in their schemes to expand their garrison areas and their repeated arrest of Chinese without reference to Chinese authorities, according to a report in the *Shanghai Evening Post* June 2.

A warning has been issued by Mayor Chin Teh-chun of Peiping to the public not to give credence to rumors of various shades which have gained circulation in Peiping regarding the general North China situation, reported *Central News* June 1. These rumors were publicized by interested parties with an axe to grind and should not be taken seriously, Mayor Chin declared in a press interview May 31.

To cope with the present situation, principles of peace, equality and reciprocity, and mutual respect of each other's sovereignty will be the key note of the policy to be adopted by North China authorities, a high official of the Hopei and Chahar Political Council declared in Peiping June 1. Internally, the official further said, the authorities will do their best to push on various reconstruction work in order to promote the livelihood of the people. The situation has been considerably eased following repeated assurances of the local authorities that they will do their utmost to maintain local peace and order and that the wild rumors in circulation are absolutely unfound.

Chen Chueh-sheng acting chairman of the Foreign Relations Commission of the Hopei and Chahar Political Council, denied the many wild rumors afloat in North China in an interview June 2. The Japanese, he said, had repreatedly declared to the Chinese authorities that they had no aggressive intentions and would treat with the Chinese on a basis of equality and reciprocity. What the Japanese hoped, he added, was that the Chinese would cooperate with them against Communism. Personally he believed that unless special circumstances arose, there was absolutely no danger in North China.

Charged with the mission of studying the increase of Japanese Military forces in North China, Kao Tsung-wu, Director of the Asiatic Affairs Department of the Waichiaopu, arrived at Peiping by plane May 29 from Nanking, according to *Domei*.

Mr. Kao called on General Sung Cheh-yuan, Chairman of the Hopei and Chahar Political Council, May 30 to exchange opinions on the foreign problems of North China. According to Mr. Kao, the Central Government will not change its policy towards Japan.

Mr. Kao called on General Chin Teh-chun, Mayor of Peiping, June 2 to inquire into the smuggling situation in North China.

Headed by Wu Chang, the Kalgan Office of the Foreign Affairs Committee of the Hopei and Chahar Political Council was inaugurated June 1. Diplomatic affairs of a local nature in Chahar will henceforth be handled by the Kalgan Office.

AKIYOSHI TAJIRI NAMED NEW CONSUL IN TIENTSIN

Akiyoshi Tajiri, chief of the Second Section of the Bureau of East Asiatic Affairs of the Foreign Office, was appointed May 28 consul-general in Tientsin, succeeding Shigeru Kawagoe, who has been promoted Ambassador to China. Mr. Tajiri was concurrently named first secretary of the Japanese Embassy to China.

Hirosi Acino, second secretary of the Japanese Embassy in China, was promoted to head the First and Second sections of the Gaimusho's Commercial Affairs Bureau, in succession to Yutaka Tsuchida, appointed chief of the Foreign Office's Accounts Section. Itaro Ishii, Consul-General in Shanghai, has been appointed Minister to Bankok, being succeeded by Tatsuo Kawai, Consul-General in Canton.

Maj-Gen. Hsiao Shu-hsuan, Military Attache to the Chinese Embassy in Tokyo, arrived at Nanking from Shanghai June 1 by train. Gen. Hsiao returned to China under instructions of Hsu Shih-ying, Chinese Ambassador to Japan, to report to the Waichiaopu questions of the Japanese garrison increase in North China.

Three Chinese naval officers attached to the Kiangnan Dock engineering Works at Kaochangmiao, Shanghai, arrived at Tokyo May 28 to confer with officials of the Navy Ministry and the Harima Shipyards on the purchase of Japanese machinery. The group is headed by Commander Chen Fei-chun.

Lin Shih-che, Superintendent of Customs at Tientsin, and Ke Ting-yuan, Salt Commissioner at Changlu, have resigned, and will be replaced by nominees selected by the Central authorities in Nanking, reported *Reuter* May 31.

According to reports, Shih Yu-san, notorious bandit leader, has started to form an Anti-Red Army in Tientsin with the support of the Japanese.

A secret organization known as the Headquarters of the Autonomous Army has been unearthed in Hsiangcheng, a district in west Honan, according to reports received at Chengchow. The bogus organ was raided May 31 by provincial troops, which resulted in the arrest of Yang Kuo-tung, self-styled Divisional Commander, and five of Yang's colleagues. A number of arms was also seized. The secret organization was alleged to be supported by a "certain country" with the motive of disturbing peace and order in Chengchow.

KAWAI RAPS USE OF "ANTI-JAPONISM" AS POLITICAL TOOL IN SOUTH CHINA

Attempts of certain political groups in Southwestern China to utilize "anti-Japonism" as a political tool in dealing with Nanking were decried May 30 by Tatsuo Kawai, Japanese Consul-General at Canton, who will succeed Itaro Ishii as Japanese Consul-General in Shanghai, according to *Domei*. "Insofar as the Southwest is concerned." Mr. Kawai said," I do not believe that Sino-Japanese relations have improved. It seems to me as if the anti-Japanese feeling among the masses has become more marked although there seem to be certain groups who are willing to enter into a deal with Japan in an effort to drive a bargain with Nanking. He added that it was necessary for Japan to take account of this situation.

The Fukien Provincial Government has agreed in principle to accept the Japanese proposal to open the Ankimines with Japanese money, according to a *Hwalien* dispatch May 29. The South Manchuria Railway Company and the Hsin Chung Company will finance the opening of the mines.

The dispute between the Japanese and the Chinese land owners on the building of a Japanese temple in Amoy will be seriously aggravated if no settlement can be reached in the near future, reported *Hwalien* May 27. The action of the Bureau of Public Works to permit the Japanese to build a temple on Chinese private property is strongly condemned by the local people.

MONGOLIAN ARMY ORGANIZED BY JAPANESE WITH PRINCE TEH AS COMMANDER-IN-CHIEF

Prince Teh, Vice-Chairman of the Inner Mongolian Local Autonomous Political Affairs Council, has assumed the post as Commander-in-Chief of the Mongolian military forces at Chiapushih Pangkiang, according to *Ta Mei Wan Pao* June 1. The Mongolian forces will have two armies under the present arrangement. The first army will be placed under the command of Li Shou-hsin, Commander of the "Manchukuo" forces, who occupied North Chahar. Before July 15th, these two armies will have a total of 16,000 men. These soldiers will be supplied with ammunition by the Japanese military authorities.

According to well-informed circles quoted by *Shun Pao* June 2, Prince Teh is surrounded by Japanese advisers and is unable to take any independent actions in the administration of the Mongolian affairs.

According to reports from Kalgan, published in *Ta Kung Pao*, the Japanese are trying to accomplish two things in Inner Mongolia, namely :

(1) The organization of an independent puppet government by Prince Teh.
(2) The occupation of the five districts of East Suiyuan.

Both Prince Teh and Wu Ho-lin have lost their freedom and the Military Headquarters of Mongolia has been organized recently with Prince Teh as Commander-in-Chief. Li Shou-hsin, Commander of the "Manchukuo" troops in North Chahar has been appointed as commander of the lst Army of the Mongolian forces and Pao Kwei-ting commander of the 2nd Army, which indicates clearly that Prince Teh has no personal influence over these Mongolian forces. The directors of Japanese Special Service Departments in Pangkiang and Peilingmiao are extremely active at present.

ALLEGED FINDING OF NEW DALAI LAMA DENIED IN NANKING

The Tibetan authorities in Nanking denied May 27 the report that they had received a telegram from Tibet concerning the discovery of a new Dalai Lama in Hanjen, north-east of Lhasa. Interviewed by *Reuter*, they said they had received no telegram on the subject.

2,000 COMMUNISTS IN SIKANG PUSH NEAR TIBETAN BORDER

The Communists who recently have been active in Sikang province have now reached the western section of the province and are near the Tibetan border. Yunnanfu desptaches report the arrival of the district of Batang, west Sikang, of 2,000 Communists on May 25. Batang is only a few miles from the Tibetan border.

Commenting on the concentration of the Communist forces in Sikang, the *Shanghai Nippo* in its editorial on May 27, wrote :

"The entire force of the Communists who have entered Sikang has now probably reached several thousands. Sikang is not only a region hard to attack, but also a barren place. It is true that the Red suppression troops can not easily get there, but neither is it a suitable place for thousands of Commiunsts to station permanently. So it cannot be expected that the Communists will establish a Soviet Government there. It seems that they are only using it as a base to readjust their forces and surely they will start forth for a better land. The only interesting thing is that they have put up the slogan of 'Protect the Lama religion."

General Li Sheng-ta, a member of the Central Executive Committee and commander of the 19th Army, was assassinated by a member of his bodyguard on May 30 in Taiyuan, the capital of Shansi. The assassin, who was shot dead by other members of the bodyguard, entered the bedroom where the General was sleeping and shot him with a revolver. General Li was 46 years of age and participated in the 1911 rising in Wuchang.

According to an official bulletin of the Commander in Chief's Headquarters of the Northwestern Bandit-suppression Forces, at

77-015

Sian, 1,000 "Reds" invading Sungkiachwan, an important military crossing in north-eastern Shensi, from Wupao were routed by a battalion of the 84th Division under Lieut-General Kao Kuei-tzu on the night of the 24th inst. The marauders were forced to retreat to Tsaikiayuan. The next morning, a regiment of the 84th Division defeated another horde of 1,000 "Reds" at Tsinglungmiao; 30 outlaws, including a regimental commander, were killed, and their rifles and two machine-guns seized. A third batch of 1,000 "Reds", fleeing towards Ichwan, northern Shensi, from Hwanglung Shan (mountain), was defeated by the Government units under Colonel Huang.

The various crossings of the Yellow River along the Suiyuan border are strongly guarded by Suiyuan troops in order to prevent entry of "Reds" from northern Shensi. To strengthen the defence, more than 400 blockhouses have been erected and the able-bodied population given military training. At Kwiehua, the training of a standing army has also been started. "Red" spies have been discovered and arrested by these units at Kweihua, Sato, Liangcheng, Wuchwan and other districts.

GEN. CHANG HSUEH-LIANG RETURNS TO SIAN AFTER VISTING LANCHOW, NINGHSIA AND TAIYUAN

After an absence of four days Gen. Chang Hsueh-liang, acting Commander-in-Chief of the anti-Communist forces for the Northwest, returned to Sian May 29 by plane. During his four days' tour to the Northwest Gen. Chang had visited Lanchow, Ninghsia and Taiyuan, where he separately discussed anti-Red plans with Gen. Yu Hsueh-chung, Gen. Ma Hung-kwei and Gen. Yen Hsi-shan.

Gen. Fu Tso-yi Chairman of Suiyuan, left Kweihua for Taiyuan June 1 to see Gen. Yen Hsi-shan, Pacification Commissioner for Shansi, regarding anti-Communist plans in the two provinces.

More than 6,000 Communists under Mao Tse-tung advanced towards Antsai on May 22, and further advanced towards Paoan on May 23. It seems that they are intending to occupy the border provinces of Kansu, Ninghsia, Chinghai and Suiyuan, reported *Shanghai Mainichi*, May 28.

Gen. Hsu Yung-chang, who was last week relieved of his post as chairman of Shansi, was appointed June 2 by the Executive Yuan as Commander of Bandit Suppression Forces in Shansi.

General Ho Chien, Chairman of Hunan, assumed his concurrent post as Pacification Commissioner for Hunan June 1.

Cheng Keh-chin, erstwhile chairman of the bogus Soviet Military Council for South Hunan, has surrendered himself to the Hunan Government authorities and is now being escorted to Changsha for questioning by Gen. Ho Chien, Chairman of Hunan.

IMPORTANT DEVELOPMENTS EXPECTED TO FOLLOW NANKING-CANTON DISCUSSIONS

Imporatnt political developments are expected follow the conferences in Canton between the Nanking delegates and the South-west leaders, who discussed the terms of a rapproachement. Because of the necessity of making an early report to the Central Government concerning the situation, three of the Nanking delegates, Yeh Chu-tsang, Chu Chia-hua, and Chu Ming-yi, have returned to Nanking. Unusual political activities are going on in Canton following the arrival of numerous agents from North China and the eight representatives from Nanking, reported *Union Press* May 26. The Nanking officials were busily engaged in exchanging views with the military heads there, although they declared that their mission in Canton was to pay homage to the late Hu Han-min. Some of the Nanking delegates are reported to have urged closer co-operation between Kwangtung and the Central Authorities and made other political proposals. Members of the South-west Political Council met May 27 presumably to consider a counter-suggestion to the Central authorities. Considerable significance is attached to a manifesto over of one hundred northern delegates who urge that before Hu Han-min's views and policies are carried out by Nanking, his remains should be buried on Yellow Flower Hill near the 72-Heroes and not in Nanking. They believe that such burial will lend political prestige to the cause of the South-west. Anti-Japanese sentiment recently made another show in Canton The purpose was to display respect to the policy of the late of Mr. Hu, who led the nation on his anti-Japanese programme. "To Comfort the soul of Mr. Hu in heaven," the official Min Kuo Jih Pao editorially declared, "We must resist the enemy. If we do not resist, we are not the true follower of Dr. Sun Yat-sen and Mr. Hu. Non-Resistance means national condemnation."

After several conferences with the Nanking delegates, the Southwestern authorities have finally decided on their plans for co-operation with the Central Government, reported *Hongkong Kung Shan Jih Pao*, May 26. The proposals submitted to the Nanking delegates include the immediate carrying out of Hu Han-min's will. It is understood that the Southwest authorities are very firm regarding the acceptance of the above-mentioned proposal by Nanking.

BRONZE STATUE FOR HU HAN-MIN ERCETED AT CANTON

To honor the memory of the late Hu Han-min, the Southwest Political Council has decided to build a bronze statue of the late Party leader in Canton. The decision is learned to have been referred to the Kwangtung provincial government and the Canton Municipal Government for execution.

The remains of Hu Han-min, late leader of the Kuomintang, will not be buried at the Purple Mountain by the side of the Sun Yat-sen Mausoleum in Nanking. Mrs. Hu is planning to bury Mr. Hu in Canton instead, according to a *Shan Pao* report May 29.

The 1,900-ton Chinese crusier *Tung Chi* of the Training Squadron has been commissioned to convey the remains of the late Hu Han-min from Canton to Nanking for a State burial at the Purple Mountain, according to a *Central News* report May 29. The cruiser arrived at Amoy at June 1 and at Foochow on June 3, when it will wait for official orders to steam off for Canton to do its duties.

Before he died, Hu Han-min was said to have issued s statement expressing his strong opposition to the new constitution adopted by the Nanking Government. In his statement, Mr. Hu declared that the new constitution is not adapted to the present condition in China.

The entire Chinese community in Geneva turned out May 31 at the memorial service held at the overseas Tangpu there to mourn the passing of the late Hu Han-min, The same afternoon, according to reports from Paris, a meeting was called for representatives of the Party General Branch, the Chinese Embassy, the Consulate-General, and 14 Chinese societies to discuss ways and means of honoring the late Party leader.

Tsou Lu, member of the Standing Committee of the C. E. C. and President of Sun Yat-sen University (at Canton). sailed for Europe May 28 on the *s.s. Victoria*. Mr. Tsou will atend the World Conference of University and College Presidents (to be held in London from June 24 to 27) as the chief official delegate of the Chinese Government. His appointment had been announced on May 4.

Shanghai Nichi Nichi reported May 28 that Mr. Tsou is really running away for fear that General Chen Chi-tang might kill him because Tsou has plotted to take adavntage of the cooperation between the South and the North, and to "sell out" the Southwest in order to fawn upon the Nanking Government.

The paper further said that the retreats of Tsou Lu and Hsiao Fu-chen will mean the downfall of the Civilian Party of the Southwest, which will strengthen the power of the military leaders in the Southwest.

Kwangsi's Anti-Nanking movement was recently intensified, according *Hongkong Kung Shan Jih Pao*, May 26. The Kwangsi authorities are in strong opposition to the enlistment of Japanese advisors in the Nanking Government.

General Pai Chung-hsi, Vice-Commander of the Kwangsi Provincial Forces, returned to Nanning, provincial capital of Kwangsi, May 30 by airplane. Gen. Pai recently came to Canton to pay respects to the late Hu Han-min.

Shanghai Nippo reported May 28 that the Central Government is trying hard to win over the loyality of the Southwest. Seeing that the Southwest is in urgent need of financial assistance, the Central Government has consented to their request for redemption of the loan of 1927, which had been used for financiang the Northern Expedition of the Nationalist Army. The amount to be paid immediately is $30,000,000, which is the same amount asked by the Southwest.

Sun Fo, President of the Legislative Yuan, left Hongkong for Shanghai on the 3rd inst. in the company of Hsu Chung-chih. Vice-Chairman of the Control Yuan, Li Wen-fan, Vice-Chairman of the Pensions Committee of the C. E. C., and Foo Ping-chang, Chairman of the Foreign Relations Committee of the Legislative Yuan.

No decision has yet been made by Dr. Wang Chung-hui regarding his movements. The reports to the effect that he will go to Nanking or Canton are groundless, reported *China Times*, May 30.

General Chen Chi-tang and Lin Yung-kai narrowly escaped death on May 29 when a hand-grendade exploded in the government munitions factory, reported *Ta Kung Pao*, June 2. Several persons were killed and scores of others seriously injured by the explosion. The director of the munitions factory has been placed under arrest.

The report that British troops have cocupied Chinmao district in Yunnan has been found untrue by the Ministry of Foreign Affairs. According to a report of the Yunnan Provincial Government to the Ministry, the British troops stationed in Chinmao district were attached to the British members of the Committee for the demarcation of the Burma-Yunnan border. As a result of repeated negotiations with the British members of the Committee, these British troops were withdrawn from Yunnan on April 10.

The report to the effect that General Han Fu-chu, Chairman of Shantung, has recommended another person to the Central Governament as Mayor of Tsingtao has been denied both by the Tsingtao City Government and the Shantung authorities. Admiral Shen Hung-lien, Mayor of Tsingtao, who is visiting Nanking and Shanghai, will return to Tsingtao shortly.

Ending a two-day visit in Shanghai Admiral Shen Hung-lieh, Mayor of Tsingtao, left by airplane June 2 to return to Tsingtao. Mayor Shen arrived at Shanghai on May 31 to negotiate with Shanghai banking circles for the conclusion of a loan to relieve the stringent financial situation of the Tsingtao Municipality.

77-016

Huge Smuggling Operations Carried on in South China by Formosan Organization

BY THE REVIEW'S CORRESPONDENT AT CANTON

WHILE the smuggling situation in North China has been described by the Inspector-General of the Chinese Maritime Customs, Sir Frederick Maze, as "unprecedented and serious," a similar and equally hopeless situation is found to-day as regards conditions in South China. In his last report Sir Frederick Maze said that many ports in North China were affected by smuggling of commodities of many kinds, as for example the Tientsin Customs collections for the past four months dropped by 23 per cent.

In South China the situation is so serious that the Nanking Government has sent a special envoy in the person of H. O. Tong, Superintendent of the Shanghai Chinese Customs, to Canton to negotiate with the South-west authorities. To a press correspondent in Canton Mr. Tong significantly said the other day that normally the Customs receipts run over $800,000,000 annually; but they were down by $200,000,000 in 1935. While Mr. Tong admitted that world-wide trade depression was partly to be blamed for the drop of customs receipts, smuggling accounted for the bigger portion of the decline in 1935. As a means to counter-attack the smuggling evil in the North sugar and rayon duties in Charhar and Hopei will be lowered.

It has been generally admitted by all the South-west authorities that the foreign-inspired smuggling activities in northern and southern China are means of embarrassing the Nanking Government, which depends largely on her Customs revenue for the settlement of her foreign loans. As a result of the conferences which Mr. Tong had held with the officials here it was decided that Canton would have more armed launches to patrol her waters and searchers of the Customs and native revenue bureaus will be strengthened with arms.

Smuggling centers in South China were first opened by irresponsible persons of a certain nationality at Swatow and Amoy. In Swatow the landing of the smuggled goods caused so much friction recently that the Chinese Mayor, Lee Yuan-wo, resigned his post in preference for a minor but more peaceful job as the Magistrate of Shun Tak District, in the interior of Kwangtung. From Swatow the activities of the smugglers have now been extended to Kongmoon and Canton City itself.

That the smuggling racket is a well organized business there is not the least doubt. Daily the smugglers employed a large number of Chinese as their carriers, when goods, which had evaded the payment of Customs duties, were distributed to various business centers of Canton through Shameen, the foreign settlement. Many of these carriers were employed at the daily wages of forty cents (Canton currency) apiece. To check the prevailing evil, the Police have placed special men on duty at all approaches near the bridges connecting Shameen with the City. For a time this precaution proved effective.

Canton Police Outwitted

But this preventive measure of the Canton Police was frustrated again when in recent weeks a large number of business shops managed by nationals of a certain country were found newly opened in different localities in the native city outside Shameen. Many business premises recently vacated by Chinese shops were readily taken by the foreigners.

The situation to evade the Customs and Government duties became so serious last week that the revenue authorities under Fan Chin-pang called a meeting of all senior officers and commanders of the revenue launches. At this meeting it was officially stated that forty such foreign business shops dealing in goods of doubtful origin had been opened in Canton.

These shops were also opened in other Kwangtung interior districts such as Tai Leung, Chan Chuen, Yung Kee, Kwai Chau, Shekki (in Chungshan) and Lark Lau. To the unobservant traders in the interior these foreign smuggling headquarters had the appearance of a Chinese shop, as only Chinese were employed as assistants. But behind the counter there is found a foreigner, who does all the brain work such as the landing and distributing of the smuggled products. In a few cases the foreigners enlisted the financial help of certain unscrupulous Chinese capitalists to further their own ends.

Despite the watchfulness of the authorities, it is to be regretted that up-to-date but few raids have been carried out by the Canton Police against the smugglers. Last week the Police in Canton City searched a prominent piece goods dealers in Kwong Ngar Lane and found a large quantity of goods, mostly Japanese in origin, which had not paid the duties required. A few assistants of the shop were immediately held for interrogation, but the manager had disappeared before the arrival of the officers.

A Gigantic Formosan Organization

From Amoy comes the sensational report that a gigantic smuggling syndiate organized by Formosans with a capitalization of $30,000,000 is operating along the Formosan and Fukien coasts. The smugglers trade in commodities of all nationalities, although a preference is shown for the goods of a certain country. The shares are sold at $50 each and there is a total of 600,000 shares for distribution. Among the goods traded in are opium, heroin, marine products, dry goods, piece-goods, medicine of many descriptions, sugar, cement, flour and even old newspapers, which are extensively used in South China as wrappers. The Amoy report mentions that since January this syndicate did something like $100,000,000 of business with the Fukien ports, in many of which are found agents for the syndicate.

Steamers and fishing boats were chartered for the transporation of the goods. The organization is so efficiently conducted that their chances of being detected by the revenue launches along the coast are considered very remote. The same Formosan company, according to report, also deals a lot with other smuggling concerns in Kwangtung such as the headquarters in Swatow, Changchow (in Fukien) and even with certain Kwangsi ports. As a counte - attack on these dealers of contrabands, there is talk that the Fukien Provincial Government is establishing shortly Customs stations along the Fukien Coast. The matter is being discussed between the civilian and military officials, the latter being under the leadership of General Chang Fah-kwai, former Canton Commander and now head of the Fukien Pacification Headquarters.

It is also stated that this Formosan syndicate in April alone imported $6,000,000 to $7,000,000 worth of goods into Swatow and Chiuchow district of East River, Kwangtung.

Ingenious Methods of Smugglers

To conduct their nefarious work, the smugglers have employed the most ingenious emthods of evading the attention of the Customs authorities. For instance, the Canton officers ou trains discovered that hundreds of sacks of cement bearing the trade mark of the Provincial Government Factory were imported into Canton. This caused suspicion. A closer examination of the goods showed that while the sacks and trade-marks (the five sheep brand) were genuine, the contents inside were foreign cement from Swatow. Further investigations revealed that the smugglers bought the empty sacks from Canton shops and shipped the sacks to Swatow for the import of the contraband to Canton.

Still another Swatow report gives a most interesting account concerning the organization of the smuggling syndicate. With a branch in Amoy and headquarters located inside Swatow, this foreign smuggling company has a total capital of $2,000,000, which is split equally between the two cities mentioned. In Swatow $300,000 worth of stocks have been subscribed by Formosans and traitorous Chinese.

To check the activities of this organization the Chinese authorities at Swatow have sought the co-operation of the Chinese Army and Customs officials. The preventive service of the Maritime Customs at Swatow formerly had a staff of fifteen members. But this force has been increased now to thirty members. These revenue officers are fully armed when they go on duty along the coast or on launches outside the harbor. The Swatow Customs has a total of four launches doing the searches on the high sea within its jurisdiction.

In Canton the Finance Commissioner, Au Feng-pu, has issued a decree threatening severe punishment to those Chinese landlords who, knowing that certain foreigners are engaged in the smuggling business, yet rented their premises for the operation of these die-hard enemies of the Maritime Customs.

Under present arrangements, Canton's preventive service is divided into five main districts, namely one for the Chiuchow and Swatow area, one for the Hainan Islands, one for the central districts including Chungshan and Shun Teh Hsien, one for Yeung Kong and Yeung Chun and one for the Five Districts around Kongmoon. It is now proposed to counter-defeat the serious foreign interference on the Chinese Maritime Customs. The Provincial Government of Kwangtung is creating 12 sub-districts with an armed force of preventive officers and launches. Under these new sub-stations there will be organized forty groups of preventive services. The Government is ready to spend an additional $48,000 a month for rearming the preventive service.

These enlarged preventive services will search all water routes and approaches to and near the foreign concessions. Contraband goods found in the hands of Chinese will be immediately detained, but if found in the hands of nationals of foreign countries the offenders will be cautioned. If a mercantile establishment is suspected of any questionable doings, an investigation should be carried out; if there is evidence that they are organs for smuggled goods, the establishments should be closed and the responsible party taken to court.

Meanwhile the Government will issue statements to Foreign Consuls that if their merchants do business with Chinese merchants let it be within the scope of the open or treaty ports, otherwise no responsibility will be assumed.

May 30.

Custom Secretary's Report Shows How China's Service Has Been Paralyzed by Japanese

Substantiating all previous news reports from various sources of the seriousness of the smuggling situation in North China, and throwing further light on certain aspects of the general situation, a report was submitted to the Customs authorities June 2 by the Preventive Secretary of the Inspectorate-General of Customs. The Preventive Secretary's report contains his own observations of the situation, after a recent tour of inspection in the North China region, the following being extracts from his report:

"The Customs staff remain at their posts, but all their prerogatives and means of enforcing the laws enacted by constitutional authority have been wrenched from them. Quoting the so-called Tangku Truce Agreement as their authority the Japanese authorities have reduced the Customs to a state of impotence; our preventive patrols are no longer allowed on the Great Wall at Shanhaikwan; our officers within the so-called demilitarized zone have to go without protection against the rough Japanese and Korean elements engaged in illegal activities.

"Our armed preventive ships have perforce to remain outside a three-mile limit from the coast of the aforesaid zone; and we are informed by Japanese Naval authorities that we shall be considered as pirates and treated accordingly if we as much as stop a Japanese vessel, or an unidentifiable vessel which can be shown to have a claim to Japanese protection, at a point further than three miles from the coast.

"The latter provision, of course, has rendered all sea work in this area impossible and futile since Japanese owned or chartered vessels, which are not obliged by Japanese Law to fly their flags or carry any mark or emblem denoting their nationality, may proceed from Dairen, the base of illicit trade activities, to any point on the Chinese coast of the so-called demilitarized zone without risk of molestation of any kind, and other vessels, e.g., Chinese, have only to avoid carrying distinguishing marks and thus place themselves within the unidentifiable category, in order to reduce risk of seizure to a minimum.

"On land, Customs officers, lacking all form of protection, have been browbeaten and assaulted by unruly Japanese and Koreans who in considerable numbers escort illicit cargo and on the slightes provocation attack them with sticks and stones. Incidents have been many and not only have the Japanese Consular Police, or other Japanese authorities, who in certain cases have been eye-witnesses of attacks by Japanese and Koreans on Customs officers, refused to come to our aid, but there have been occasions when the Customs have been completely humiliated by having been compelled under threats of force to meet demands made by the Japanese authorities for redress and compensation for alleged illegal action and assault by Customs officers, the charges being based on the statement of the Japanese and Korean smuggling elements themselves. The results are deplorable."

Smuggling Operations Necessarily Connote Huge Financing

A point to be noted in connection with the smuggling by Japanese *into* North China at the present time is that a part of it is evidently being done by the same group of smugglers who a half year ago specialized in the smuggling of silver *out* of China, and particularly out of of Shanghai. It was an open secret that the silver smuggling was done by a syndicate with large capital; the actual persons who carried the silver, and who sometimes were caught, were merely pawns in the game. The silver smuggling, it was evident on the face of it, required huge capital and this, according to reports at the time locally, was being furnished by the syndicate. The smuggling of goods *into* China at the present time is a business requiring an immense amount of capital, much more than was necessary in the silver export smuggling orgy of half a year ago, and there are numerous indications that it is being carried on by people at the head with millions of capital at their disposal. In due course the revelations in this connection may be such as to create a world-wide sensation.

British and American Chambers Send Telegrams

Typical of the grave concern of British interests in China over the increasingly rampant smuggling situation in the North was a cablegram by R. Calder-Marshall, Chairman of the British Chamber of Commerce in Shanghai, addressed to the British Foreign Office, the Department of Overseas Trade, and the Chambers of Commerce at London, Manchester, Birmingham, Leeds, Bristol and Edinburgh May 30, urging the free functioning of the Customs preventive service from all encumbrances.

Editorial as well as news columns of the British press continue to devote much space to the smuggling situation and the loss of Chinese revenue. The Japanese allegation of laxity on the part of the Chinese Customs and an excessive tariff receives little credence in England. Characteristic of British reaction was an article by Mr. Layton, prominent economist, in the May 27 issue of the *News-Chronicle* under a banner headline. Mr. Layton stated that British funds are menaced by the smuggling activities which cost China £12,000 a week, and that the Japanese are actively helping to defraud.

Stating that British trade interests in North China are threatened, the *Spectator* on May 22 expressed the fear that the commercial enterprises of foreign countries, especially Great Britain in North China, face prospect of destruction.

Simultaneously with the British message, the American Chamber of Commerce sent a radiogram to to the U.S. Chamber of Commerce calling attention in North China. The message as sent by James M. Howes, secretary of the Chamber, read:—"Smuggling by Japanese subjects in North China increased to tremendous volume...position seriously jeopardizing foreign loans and obligations secured Customs. Request wide publicity given dangers wrecking China finance and fact Japanese Government authorities taken no steps prevent smuggling and show no apparent intention to do so." The reply from the U.S. Chamber was non-committal.

Minister Quo Tai-chi Discusses Smuggling Situation with British Foreign Secretary Eden

The smuggling situation in North China was the subject of discussion at a meeting between Quo Tai-chi, the Chinese Ambassador to England and Anthony Eden, the British Foreign Secretary, May 29.

The North China smuggling issue was again raised in the House of Commons May 27. A Conservative Member from Preston, suggested that representations be made to the Japanese Government to the effect that encouragement of contraband is incompatible with the ancient "Wang Tao" doctrine, fostered by them in Manchuria. In reply, Foreign Secretary Eden said that no relevant consideration susceptible of leading to a satisfactory solution of the problem would be lost from sight by the British Government.

Japanese Charge China Is "Instigating" Britain and U.S.

China was charged with having instigated Great Britain and the United States to make the smuggling situation in North China an international issue, and with planning to dissolve the East Hopei "autonomous" government, in an apparently inspired article in the *Tokyo Ashai* June 1. "The opening of concrete negotiations based on Koki Hirota's three-point program under such circumstances," the article declared, "cannot be expected to produce any noteworthy results. "The military authorities here fear that such negotiations may merely serve to prolong a solution of pending issues, and they advocate that sufficient care be taken to guard against China's habitual dilatory tactics."

In this connection, it added, the military authorities hope that Nanking will stop irritating Japan, really recognize the fundamental policy of the three principles, and restore normal relations between China and Japan. In commenting on the China situation, the *Ashai* stated that the central military authorities in Tokyo consider that the Sino-Japanese situation cannot be improved by verbal measures. They are confident that the deadlock can only be removed when China fully recognizes Sino-Japanese interdependence. Meanwhile, according to the *Chugai Shogyo*, H. Arita, the Foreign Minister, has decided to give up the proposed announcement of his policy toward China on the grounds that the time is not ripe.

Washington "Star" Says U.S. Oil Business Affected by North China Smuggling

In a recent editorial commenting on the North China scene, the Washington *Star* said that Japan "apparently again relies on the world's preoccupation as a guarantee that her expansionist program will unlikely encounter outside opposition." Continuing, the editorial stated that "American interests, especially oil companies, are also experiencing serious effects from these smuggling operations."

The *Baltimore Sun* in a recent editorial stated that the purpose of Japan's tolerance towards the Japanese and Korean smugglers is to break Chinese resistance against Japanese political and military encroachments.

New Articles Now Appear in Smuggling List

While the quantity had slightly dropped, smuggled goods entering the Tientsin station through the so-called demilitarized zone had increased in varieties during the week from May 18 to 24, according to information from the Tientsin Customs authorities May 30. Included among the new kinds of contrabands, were shellac, salt fish, medicine, white wax, ginseng, dried mushrooms, sewing needles, umbrellas, and lemonade. The Customs authorities estimate the loss of duties for rayon, cigarette paper and sugar alone for the period under review at the amount of approximately $1,600,000 and for the period from last August 1 to May 24 this year at $28 million for these three kinds of goods alone.

Under the leadership of Messrs. E. N. Ensor and Li Tung-hua, respectively Director and Deputy-Director of the General Bureau for the Prevention of Smuggling by Railway, a large group of inspectors proceeded North by the Tientsin-Pukow Railway from Nanking this week.

Two train loads of smuggled piece goods from Tientsin were detained in Hsuchow, May 31 by the Customs authorities. These goods were being sent to Kaifeng from Tientsin via Hsuchow.

Thirty thousand cases of matches were smuggled into south Fukien in the past two months, according to the Customs authorities. The Customs authorities detained 5,000 cases of these smuggled matches.

Two car-loads of smuggled piecegoods were detained by officers of the Hsuchow Inspection Bureau at the railway station in Hsuchow, May 31. The contraband was being transported from Tientsin to Kaifeng, provincial capital of Honan.

New Regulations Provide That Merchants Transporting Goods Must Submit Proof of Duty Payment

Among the provisions contained in the Provisional Regulations Governing the Control Over the Movement and Sale of Imported Goods recently promulgated by the Executive Yuan, is one to the effect that merchants transporting by inland-water steamers, junks or motor vehicles, from the port of importation to various places for sale, imported goods which have been specified as subject to the control provided for in these Regulations, shall apply to the Customs for the issue of a Conveyance Certificate. Together with his application, the merchant shall submit proof of duty payment for the verification of the Customs, Merchants transporting the aforesaid goods by railways shall, in addition to the Conveyance Certificate, apply for a Customs Import Duty Proof, without which the goods shall not be accepted for railway transportation.

For the convenience of merchants engaged in legitimate business, the Ministry of Finance has prepared a list of imported goods which will be subject to inspection by Customs officers at railway stations and wharves.

Large quantities of smuggled goods from North China, mostly dyes, sugar, artificial silk (rayon) and cosmetics, have penetrated to Sian, provincial capital of Shensi, and Pingliang, on the Sian-Lanchow Highway, in eastern Kansu and other points in the North-West.

The extension of the smuggling activities from the North China coast to Kiangsu is being closely watched by the Customs, Kiangsu Provincial Water Police and other preventive agents, according to recent reports from Chinkiang. Among the evidences of the southward movement of the smugglers was a junk fully loaded with artificial silk along the Kiangsu coast immediately north of the Yangtsze mouth which was seized by the Kiangsu Water Police end of last week.

Bureau for Prevention of Smuggling to Be Established in Hsuchow

A Bureau for Prevention of Smuggling is being established at Hsuchow. Branch offices of the Bureau will be established in Tsinan, Tsingtao, Chengchow, Kaifeng, Changchow and other districts.

In order to check the smuggling activities, the Ministry of Finance has decided to establish inspection Offices (*Chi-Cha Chu*) at the principal railway stations. Six inspectors have been despatched to the Pukow, Pengpu, Hsuchow, Tsinan, Yenchow and Techow Stations along the Tientsin-Pukow Railway.

In order to cooperate with the Government in the anti-smuggling work, the Chungking Chamber of Commerce May 30 decided to request Chungking merchants in Shanghai to refuse to deal in smuggled goods.

General Han Fu-chu, Chairman of the Shantung Provincial Government, this week issued additional instructions to the Tsinan police and gendarmes to help in curbing the activities of the smugglers.

Japanese Organize Asiatic Industrial and Commercial Club for Smuggling

A recent Tientsin message stated that the Japanese and Koreans there are organizing an Asiatic Industrial and Commercial Club in the Japanese Concession. As large numbers of Chinese have joined the club recently, it has attracted great attention from the Chinese Government.

Sir Frederick Leith-Ross Visits Japan Once More

In the House of Commons May 29, Viscount Cranborne, Under-Secretary of State for Foreign Affairs, announced that Sir Frederick Leith-Ross, Chief Economic Adviser to the British Government, who is now in China, was shortly proceeding to Tokyo to renew his contacts in Japan, and have a further exchange of views on financial and economic questions of common interest to Great Britain and Japan. Sir Frederick, he added, would return home by way of China. Sir Frederick departed form and Shanghai for Japan May 31; according to the Japanese telegrams he was cordially receved there.

Commenting on the departure of Sir Frederick Leith-Ross for Japan, the *Ta Kung Pao* Shanghai said: "Recently, it appeared that Japan is very anxious to improve her relations with Great Britain and America, so as to exert her full attention on China and the USSR. Meanwhile, the British Government has realized the important position of Japan in the Far East and is anxious to find a way of compromise with Japan. "With an understanding of this situation, the departure of Sir Frederick Leith-Ross for Japan at the present time is of great political significance."

H. O. Tong, Shanghai Customs Superintendent, was due back from his tour of South China end of this week. Interviewed at Hongkong before sailing he stated that armed guards will be stationed at all the stations and barriers in Kwangtung to curb the rampant smuggling in that province.

City Chamber Secretary Accused of Forgery by Chairman

Yu Chu-ting, chairman of the Shanghai Chinese General Chamber of Commerce, has brought a private criminal prosecution in the First Special District Court in Shanghai against Tseng Teng-ching, the chamber's secretary on a charge of forging his signature on a document authorizing the defendant to investigate certain "enemy" goods owned by a merchant, Tsang Yoong-chu. It is also alleged that defendant extorted a sum of money from the said merchant. Although the alleged forgery was committed some time ago, it was only recently reported to the Chamber, the plaintiff alleges.

Premier British Shipping Line Withdraws Seven Ships on China Coast

The withdrawal of seven ships from their Hongkong, Canton, Shanghai and Tientsin services was announced June 1 by the China Navigation Company (Butterfield and Swire), principal British shipping company on the China Coast. The depressed state of coastal commerce was given as the reason for the action. The underlying cause of the depression is stated to be the gigantic smuggling operations, which are ruining legitimate shipping business:

"Domei" Takes Over "Nippon-Dempo" News Service

The long-drawn-out negotiations for the amalgamation of Japan's two principal news gathering agencies, *Domei* and *Nippon Dempo* resulted in the actual merger taking place as from June 1, from which date all messages of both services have been issued under the date line of *Domei*. The union of the two services has given *Domei* more than 70 branch offices in Japan and abroad, in addition to a special advertising department, which has also been merged with that of the *Nippon Dempo* agency. The *Nippon Dempo* photo service is also combined with that of its former rival. The *Domei* news agency came into existence on January 1 of this year, as a sequel to four years of negotiations. *Rengo* news agency entered the new organ, as its major component, on the same day. Yuzo Shimojo, manager of the *Nippon Dempo* branch in Shanghai, assumes the post of assistant manager of the combined services, with Shigeharu Matsumoto, manager of *Domei*, remaining in his present post.

Britain Injured in Shanghai; Japanese Officer Killed in Peiping

A fracas occurred outside the Owl Cafe, Haining Road, Shanghai on the night of May 29, as a result of which a British subject suffered a broken arm and bruises. The victim was treated at the General Hospital. Two Japanese were picked by the police after the victim had filed charges of theft against them.

A Japanese officer found unconscious in a street in Peiping at midnight of May 25, died before reaching hospital. The officer, who belonged to the Manchukuo Army, was found outside a recently-opened Japanese cabaret, unconscious and groaning.

Alleging that the slayer was a British soldier the Japanese Embassy has sent two protests to the British authorities, who however, maintain that all British soldiers were in barracks that night. Japanese-British tension in North China has been increased as a result of the incident.

Three Missions Cooperated in Huge Hospital Project in Fukien

Dr. Edward J. Strick, Superintendent of the Chuanchow General Hospital, who was a visitor to Shanghai this week, stated in an interview that plans for the creation of a great hospital system to serve a population nearly as large as that of Canada are being made by medical leaders in Fukien Province. According to Dr. Strick the extensive program is being planned by the English Presbyterian Mission, the London Missionary Society and the Reformed Church of America. These organizations have long supported hospitals in the region of Amoy but negotiations to join the three together and to embark upon a formidable construction program are now under way.

Students Demonstrate in Shanghai on May 30—Go on Strike in North China

MAY 30 has a special significance for Americans because it is Memorial Day, which had its inception in the idea of decorating the graves of these who lost their lives (on the Northern side) during America's Civil War, 1861 to 1865. But said date has also a special signifcance for China, and particularly for Shanghai, for it was on said date in the year 1925 that the Nanking Road episode occurred, when a number of students, laborers and spectators were killed and wounded by order of a British police sergant in the employ of the Shanghai Municipal Council, who ordered a police guard to fire upon the crowd which was demonstrating in front of the police station wherein were imprisoned a number of laborers who had been arrested for striking in a Japanese cotton mill. That incident caused a revulsion of feeling throughout the whole of China and a general strike in Shanghai. It proved to be the rallying point for the Chinese people to insist upon, and in a large measure securing, redress of grievances which had irked them for many years. Among the notable results of the May 30 incident of 11 years ago were the rendition of the Mixed Court, the creation of Chinese Councillors and the admission of Chinese to the public parks of Shanghai. Each year since then the date has been celebrated, in some years with more, in some with less, degree. This year, because of the pressure of the Japanese in the North the students, particularly, staged demonstrations all over the country, and notably so in Shanghai. The celebrations this year fell on a Saturday as did the original incident of 1925. On that historic occasion the Commissioner of Police was attending the horse-races at one of the local race tracks, despite the fact that there had been numerous rumblings of the impending storm.

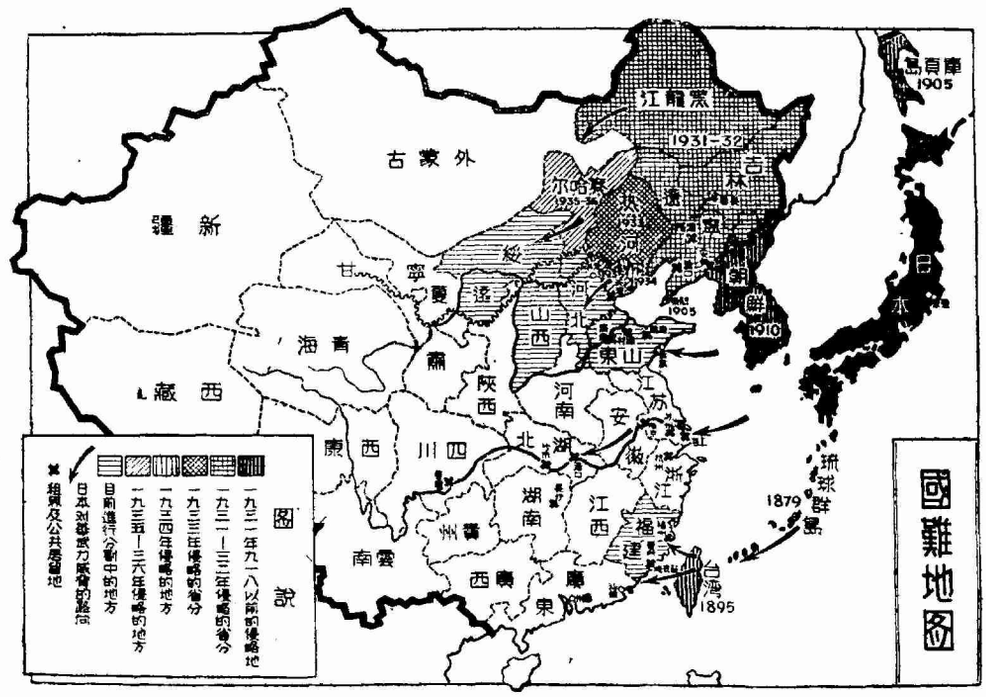
This year the Settlement Police, it is agreed on all sides, handled a difficult situation with commendable ability. The notable difference is, however, that in 1925 the Settlement authorities tried to forbid the demonstration. In succeeding years they have merely devoted their energies to keeping the demonstrations, to a certain extent, circumscribed. This year, as in the event of 1925, the principal object of the students' demonstration was denunication of the Japanese. Saturday's demonstration was participated in by about 6,000, mostly students. The center of the demonstration was the old Chinese temple at the corner of Soochow creek and Honan road, which among other purposes is used as headquarters for the Chinese Chamber of Commerce. This plot of land has never been registered in any foreign Consulate, therefore is not under Municipal police jurisdiction, and, incidentally, pays no taxes to the Foreign Municipality.

With a succession of yells and cheers, slogans and songs, the young men and women managed to make considerable noise. The demonstration lasted all afternoon. The march from the mass memorial meeting at the temple in Honan road to the cemetery in Chapei took more than three hours. At the cemetery a wreath was laid on the victims of the Nanking Road shooting. The Municipal Police had ample intimations that the demonstration was to be held and large contingents were on hand to control traffic. It is stated that it had been agreed by the leaders of the parade that the demonstrators should haul down their banners and not distribute circulars during their march through the Settlement streets, but whether this was the case or no, the fact is that numerous handbills were thrown.

A circular by the Young Writers Salvation Association contained this: "Profiting from May 30 incident, we should open up a united frontier line against Japan; follow up the spirit of May 30 and stir up a large scale manifestation; cease all civil wars; organize a national defense government, and a joint anti-Japanese army to recover lost territory; strive for absolute freedom of speech and publication; support national defense writings; down with Japanese Imperialism; down the national traitors!"

A circular issued by the Shanghai Women's Salvation Association for commemorating May 30 contained the following paragraph: "The Japanese take advantage of national traitors, smuggle with a view to ruining our national economic life, send troops to occupy our territory. We have already yielded the last step, all that we can yield. We should struggle; we should organize a strong frontier line; follow the bloodstain on Nanking Road; be worthy followers of hero spirit of May 30. We believe the last victory will be ours. Rise up, people!"

A circular issued by the National China Students Association contained the following sentences: "Organize a strong national unity frontier line against Japanese imperialistic invasion of China; cease all civil wars; mobilize for war against Japan; strive for absolute liberty of speech, publication, meeting, etc. Oppose the 'slave' education; clear out all national traitors; refuse to recognize all 'sell country' treaties."



This "National Crisis" Map was distributed by students during the May 30 parade. The text in the square in the lower left corner (from right to the left) shows the meaning of the shaded portions of the map.

1.—Territory invaded and occupied before Sept. 18, 1931 (Chosen, Formosa, Saghalien).
2.—Provincial territory invaded since 1931-32 (Heilungkiang, Liaoning, Kirin).
3.—Provincial territory invaded since 1933 (Jehol).
4.—Territory invaded since 1934 (Tientsin).
5.—Territory invaded since 1935-36 (Chahar).
6.—Territory about to be invaded.
7.—The arrow points the direction of Japanese military forces toward China.
8.—Black cross used to indicate foreign Settlements, or Concessions.

May 30 Incident Remembered in Nanking

The eleventh anniversary of the May 30 Incident was commemorated at Nanking at a meeting at the "May 30 Middle School" May 30. Representatives from the Ministry of Communications and the Central Publicity Council of the Central Kuomintang Headquarters also attended the meeting. The school, which was established after the incident in 1925, has now a total of 500 students.

The "China Times" Discusses Significance of Anniversary

Commenting on the 11th anniversary of the May 30th incident in Shanghai, the *China Times* said: "In remembering this day, we must understand the real meaning of the May 30th Incident. Firstly, the demonstration of the May 30th Incident was not an anti-foreign movement. It was different from the Boxer Rebellion. It called for the abolition of the unequal treaties and extraterritoriality. Secondly, it was not an "empty" class struggle. It is designed for national emancipation. It is for these reasons, that the movement become a nationwide one, and hastened the downfall of the Peiyang militarists. When the influence of the Nationalists extended to Kiangsu, the Communists took the national emancipation movement as a class struggle, and consequently caused serious

disturbances in the rural districts and weakened the power of the nationalist movement. In remembering the May 30th Incident, we must strive for the unification of the country and struggle for the emancipation of the nation. Only through national unification, can we expect economic revival and only through national emancipation can we expect improvement of the livelihood of the people."

At the meeting preceding the march at the Chamber auditorium, five resolutions were adopted, as follows:

1. That an anti-smuggling league be established.
2. That opposition be lodged against Hirota's "three principles."
3. That the National Government be asked to undertake to negotiate a treaty guaranteeing peace among the Pacific countries.
4. That opposition be entered against the "Anti-Communist Pact."
5. That armed resistance be invoked against the increase of troops in North China.

The meeting, sponsored by the Shanghai Associated National Salvation League, was presided over by Shen Chuen-hsu, lawyer, and a presidium consisting of Dr. Tsao Shih Wong, former dean of the Kwang Hwa University, and Chaung Nai-chi, local banker.

A minor fistic bout took place in the auditorium when opposing groups disagreed on some points and started an argument. The disturbance was quelled when the agitators were ejected from the hall.

More than 400 representatives from various local public bodies were present at the service at "May 30 Martyrs Tomb" to pay respects to those who were killed during the incident. Officiating at the service, Lin Chun, Principal of the "May 30 Primary School" made a brief speech, reviewing this never-to-be-forgotten event in China's history. After the service, a wreath was laid on the tomb of the martyrs by Yu Ya-ching, Shanghai shipping magnate, and a mourning essay was read by Tao Lo-chin. To commemorate this occasion, national flags were half-masted and all amusement centers in the Chinese city suspended throughout the day.

Studentz in North China Go an Strike

Following a demonstration in Tientsin on the morning of May 28 by students, who protested bitterly against the increase in the number of Japanese troops in North China, the Japanese military spokesman described as "laughable" the figure of 50,000 they mentioned. The spokesman's statement was made after 2,000 students had marched through the main street between the Central Station and the Governor's yamen and stopped outside the Mayor's office, where they distributed handbills and shouted "anti-Imperialist" slogans.

The students, who belonged to schools in the Hopei section of the Chinese City, were at first prevented by police from crossing the bridge adjacent to the yamen, but, reinforced by students from Nankai University and other educational institutions in the South City, they overcame all resistance.

Some of the students then proceeded to the compound of Nankai University for a mass meeting, while others addressed crowds about "imperialism," placarded walls with anti-Japanese posters, and wrote "anti-Imperialist" slogans on the sides of tram-cars.

Japanese military authorities in Tientsin alleged that the demonstration, in which numerous workers took part, was instigated by communists.

A *Domei* message from Peiping May 30 stated that while the students there were foiled in their attempt to demonstrate, they succeeded in proclaiming strikes. Tsinghua University observed a five-day holiday, and the Peiping Normal College had no students attending classes for three days. The Students' Union also passed a resolution urging soldiers of the 29th Chinese Army to "resist Japan."

In order to prevent the recrudescence of student agitations, a meeting of the Presidents of the various colleges and universities, in Tientsin was convened by the Tientsin Municipal Government May 28. The meeting was also attended by representatives of the Tientsin Municipal Bureaus of Public Safety and Social Affairs, and the Peace Preservation Headquarters.

Kuo Min reported that the eleventh anniversary of the May 30th Incident passed off in Peiping quietly. Precautionary measures had been adopted by the police, and no untoward incident occurred.

A *Domei* message from Peiping May 29 stated that the Japanese authorities there continued to pay close attention to the attitude of Gen. Sung Chih-yuan, in view of frequent rumors, current in Chinese circles, that he was considering lifting the police curb on the seething discontent among students in the former capital and allow them to launch a violent anti-Japanese campaign.

General Chiang Urges Students to Engage in Cultural Work

The importance of utilization of the summer vacation by students for social service was stressed by General Chiang Kai-shek in an address delivered at the Metropolitan Lecture Society (*Shou-Tu Chiang-Yen Hui*) in Nanking June 2. He urged students of schools above secondary grade, no matter whether they are going to graduate this summer or to continue their studies, to utilize the summer vacation for active social service.

Upon the resumption of studies next autumn, he said each student should draw up a detailed report on the results of his work during the summer, for the approval of the school authorities. In this manner, not only would society in general and the masses be benefited, but students and teachers will also obtain much valuable experience in active social service. Engineering students should enter factories for practice. Agricultural students should go to the farms to conduct experiments, while law students should especially engage in active social work.

Fourth Annual Examination to Be Held for Students to Be Sent Abroad

Definite arrangements have been made with the Ministry of Education for holding the fourth annual examination for the selection of students to be sent abroad on Post-Graduate Scholarships provided by the National Tsinghua University, according to Dr. Mei-Ichi, President of the University, who returned to Peiping May 28 from Nanking. Twenty students will be selected this year; the examination will be held simultaneously in Nanking in August, Dr. Mei said.

Two scholarships of $2,000 each are to be created in memory of the two deceased General Secretaries of the Academia Sinica, according to a decision reached at a business meeting of the Academia Sinica held in Nanking May 27 under the chairmanship of Dr. Tsai Yuan-pei, the President.

Students in Honan Augment Activities

Undaunted by the drastic action taken by the provincial authorities, the students in Kaifeng, capital of Honan province, have augmented their activities in their Anti-Japanese and national salvation movement.

Fukien Doubles Appropriations for Free Education Promotion

For the next fiscal year, beginning July 1, the Fukien provincial government has decided to double its appropriations for the promotion of free education, the new figure being $250,000.

More Chinese Schools in Sourabaya Advocated

Owing to the decreasing number of Chinese schools in Sourabaya many overseas Chinese children who receive their education in Dutch schools there are losing track of their mother tongue, according to Pan Kai-hsing, leader of the Sourabaya tourist party now visiting in Nanking. To combat the situation, Mr. Pan is urging the Government to establish more Chinese schools in Sourabaya and other cities in Java where large number of Chinese people reside.

Students at Ann Arbor Incensed at Dr. Kagawa's Use of "Manchukuo"

Thirty-five Chinese students at the University of Michigan left the auditorium when Dr. Toyohiko Kagawa was conducting a forum in the Michigan Union, Ann Arbor, on the evening of March 25. The American dispatches in reporting the incident said "the young men came from the country out of whose territory Japan created the state of 'Manchukuo' by means that are in direct contrast to what the speaker was trying to preach, namely world peace." The students took offence when the Japanese speaker repeatedly used the word "Manchukuo" intead of "Manchuria" in the course of his remarks.

Joint Annual Meeting of Five Engineering Institutions Is Held at Hangchow

Speeches emphasizing the increasing importance of science to national progress especially in times of emergency featured the opening day of the joint annual meeting of the five scientific and engineering institutions, headed by the Chinese Engineering Society, in Hangchow May 20. Declaring that brain energy spent by scientists and engineers in reconstruction work must be considered equally glorious as blood shed by the nation's defenders on the battlefield, Tseng Yang-fu, Vice-Minister of Railways, presiding, urged the audience to utilize their ability in the task of national salvation.

The Chinese Engineers' Institute, the Chinese Society of Chemical Industry, the Chinese Electrical Engineers' Institute, the Chinese Automotive Engineers' Institute, and the Chinese Chemical Engineers' Institute participated in the conference, which came to a close May 24.

Among the resolutions passed were: A joint headquarters is to be established at the Capital; preparations for the construction of the building are to be made by Messrs. Tseng Yang-fu, Hsia Kwang-yu, Kwan Chin-sheng, Wei I-fu, and Wang Hu-chen; the next joint annual conference is to be held at Taiyuan, provincial capital of Shansi; preparations for the conference are to be made by the Chinese Engineers' Institute; in their respective publications, the societies are to pay particular attention to both theory and practice in engineering. The various important engineering works in different parts of the country are to be recorded.

77-021

"Chitung" Kingdom of Yin Ju-keng Now Has Its Own Customs and Salt Gabelle

BY THE REVIEW'S TIENTSIN CORRESPONDENT

YIN Ju-keng has an abmitious program before him—he aims at the overthrow of the Kuomintang all over China and at bringing about a Paradise in East Hopei (or "Chitung," as that region is now referred to in all official communications.) Formulating this policy at a reception given to the Manchukuo "good-will" mission in Tungchow, he said: "Chitung is an integral part of China and bears an important mission of liberating the whole of China from influences of materialistic culture and the clutches of the Kuomintang tyranny. It is ruled by principles of Confucius and Mencius and it is our belief that these principles will eventually spread all over China and rep'ace the ideas implanted by Sun Yat-sen and his followers".

He appears to be a man with the sense of dramatic and pose; with such words of welcome he addressed the Manchukuo mission at a reception staged in front of the delapidated temple of Confucius in Tungchow, the "capital" of Chitung. The press has failed to take due notice of the arrival of this "mission" at Tungchow and the "diplomatic" amenities exchanged in this connection, yet these amenities are full of significance and appear to indicate the trend of events in the near future.

Upon arrival at Changchun, Kao Tsung-lu, the head of the mission, issued the following statement: "Our visit to Chitung has laid the foundation of perpetual friendship between Chitung and our country, thereby contributing to the cause of peace in Eastern Asia. Chitung is absolutely independent of Nanking and every member of its administration strives hard to weed out the roots of the Kuomintang rule. Theya im at the creation of a Paradise in Chitung and we earnestly wish every success in this noble task."

To all intents and purposes, Yin Ju-keng is uncrowned king of "Chitung." He feels himself in the same position as that of Pu Yi with the only exception that instead of an ambassador of a "friendly" Power he has an adviser, Mr. Hayashi, who runs the whole show in Tungchow, the capital of "Chitung."

All this talk about the early abolition of the East Hopei Council appears to be ill-founded; instead, Yin Ju-keng's "Empire" is forging ahead as another puppet State all indications showing that it is going to stay,—and grow. For instance, it is now conducting formal negotiations with Manchukuo for the conclusion of a Manchukuo-Chitung customs agreement, by which it will doubtless smash to pieces even the small part which remains of the Chinese Customs service in the Demilitarized Zone. At present, the East Hopei Council collects one-fourth of the Customs duties on goods passing through its territory and issues certificates to that effect. The Japanese smugglers, who practically tore down the Chinese customs wall in North China to the ground, use these certificates as proof of their having paid Chinese customs duties and refuse to pay any further collection.

Yin Ju-keng Establishes Own Customs Service

From this, it appears that Yin Ju-keng has established his own customs service, entirely independent of the existing Chinese Customs Service, as if his realm were an independent State. In any case, there is no doubt whatever that the Kwantung Army, which manipulates Yin Ju-keng and his Council, appears to be determined to abolish entirely the Chinese Customs Service in the Demilitarized Zone, establishing a sort of the puppet State "No. 2," Chitung.

Next significant development in East Hopei, indicating that it is going to stay, is the complete abolition of the Chinese Salt Gabelle in the Demilitarized Zone through the placing of Changlu salt-pits under the East Hopei control. Recently, Yin Ju-keng's Council lowered the export duty on salt from 20 cents per 100 piculs to 6 cents only, throwing the door wide open for unrestricted export of salt from Changlu to Dairen and Japan. Already, three Japanese steamship companies, the Osaka Shosen Kaisha, the Kinkai Yusen Kaisha and the Okazaki Steamship Company, have put into service special vessels for carrying salt from Chinwangtao to Dairen and Japan (previously these exports were being made from Tangku.)

Furthermore, the Manchukuo Salt Industry Company, organized by leading Japanese industrialists and controlling the production and sale of salt in Manchukuo and the Kwantung Leased Territory, has extended its activities to East Hopei, as well. Recently, its officials conducted a thorough investigation of Changlu salt-pits, and according to reports in the Japanese press arrived at a decision to take the control of Changlu salt-fields, too, throwing the Chinese Salt Inspectorate of Changlu practically overboard. One of these reports stated that "the projected East Hopei-Manchukuo Salt Industry Company will be organized after the current year as a special company of the East Hopei Autonomous Government and of the Manchukuo Salt Industry Company," and that "it is expected that the sales of salt will be completely controlled between the two salt industry companies, in pursuance of joint economic bloc amongst Japan, Manchukuo and China." Another report stated that the *entire output* of East Hopei salt-fields, amounting to about 4,500,000 piculs in a year, will be shipped to Japan.

The significance of these developments is obvious, for they indicate that Japan appears to be determined not only to smash the Chinese Customs Service in North China, but the Salt Administrations as well by taking the control of Changlu salt-fields. It will be remembered that these fields, now about to be taken up by Japan, contribute by far the greatest revenue than any other salt producing area in China. This is evident from the following figures relative to salt revenues collected in 1935 by the Salt Administration; $26,775,000 from Changlu, $19,555,000 from Huapei, $15,620,000 from Szechwan, $14,603,000 from Hupeh, $13,387,000 from Hunan, $13,653,000 from Yangchow, $12,568,000 from Sungkiang, other places contributing less than $10,000.

Lowering of Duty Causes Huge Loss in Revenue

The lowering of the export duty on salt from 20 cents to 6 cents only per 100 piculs, put into effect by the East Hopei Council on its own discretion, means already a huge loss for the Chinese Treasury. It is needless to emphasize here the importance of salt revenues for Chinese public finances, which constitute a second important item of income. According to a recent announcement of the Ministry of Finance, the salt revenue for the fiscal year ending June 30, 1934, amounted to $174,414,000, against Customs revenue of $337,647,767 for the same period. In 1935, the salt revenues amounted to $184,209,300, representing an increase of $9,765,000 over the figure for the previous year. In the budget for 1936-7, adopted recently by the authorities in Nanking, the salt revenues are put at $189,187,235, but it will doubtless be much less in view of the detachment of Changlu salt-fields from Chinese control, a development only of recent date.

The Nanking authorities appear to have been cognizant of this possibility, and with a view to retaining at least a semblance of control over Changlu salt-fields, they have organized a semi-governmental salt exporting company in Tientsin, Yu Min Kungssu, but under the present conditions it is powerless to exercise any control over salt-fields, which are being now taken up by the Manchukuo Salt Industry Company.

Apart from the most disastrous effect on Chinese public finances, the detachment of Changlu salt-fields from Chinese control, and the unrestricted export of salt to Dairen and Japan will deplete the stock of salt on the domestic market, directly affecting the welfare of Chinese masses, for which salt constitutes a principal item of food.

All efforts of the Hopei-Chahar Political Council to have the Yin Ju-keng regime abolished and amalgamated with the Peking set-up have failed, the Kwantung Army sticking to its original policy of preserving Yin Ju-keng's "kingdom" as the puppet No. 2. Instead, there is every reason to believe that the Hopei-Chahar Political Council will itself recede to the status of "Chitung" as the puppet No. 3. There is another extremely suspicious movement in Inner Mongolia, and it will surpirise none if it will result in the appearance of another, No. 4, puppet, the stage for which is being hastily prepared by its Japanese showmen.

Tientsin, May 29, 1936.

Salt Export to Japan to Be Confined to Hanku Output

The *Central News* says that after weeks of arrangements the problem of exports of Hopei salt to Japan has been definitely solved.

Exports of salt to the Island Empire are to be limited to the output at Hanku, a short way south of the Changlu salt fields. The amount of salt now stored at Hanku is estimated at over eight million piculs.

Joint Salt Company Organized in North China

A joint salt company has been organized by the Japanese military authorities in North China, the East Hopei regime and the Tientsin Office of the South Manchuria Railway Company, according to business circles in Tientsin.

Agreement for Sale of Changlu Salt to Japan Signed

An agreement was signed in Tientsin May 27 between Kou Ting-yuan, Director of the Changlu Salt Administration, and the Japanese Consul-General at Tientsin, providing for the purchase by Japan of 330,000 tons of salt from Changlu Salt Administration annually. The Japanese will pay a tax of $1 per ton and a freight charge of $1.50 per ton.

U.S. Missionaries in Grave Danger in Ethiopia

American missionaries at Sayo, in southwestern Ethiopia, were reported May 27 to be in grave danger as a result of tribal warfare in the territory which has not been occupied by the Italian forces.

77-022

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The National Exhibition of Drawings for Children

BY PENAN TING

For the purpose of studying drawings by the children, developing the children's faculty for invention, and improving the art education for the younger generation, the National Exhibition of Drawings for children, which is destined to be one of the most feature events during the National Children's Year (August 1, 1935 —July 31, 1936), is scheduled to be held in the Kiangwan Municipal Gymnasium of Greater Shanghai from June 6 to 16. The exhibition is to be conducted under the auspices of the Central Executive Commission of the National Children's Year in joint co-operation with the Bureau of Education of the Municipality of Greater Shanghai, the National Child Welfare Association of China, the National Art Education Association, the Shanghai Executive Commission of the Children's Year and the Shanghai Child Welfare Association. Preparations for the exhibition have been elaborately made by a preparatory committee created from the sponsored organizations. Through the instructions given by the Ministry of Education, most of the children under the age of 15 of kindergartens, primary schools and junior middle schools throughout the country, have enthusiastically participated in the exhibition by sending in their drawings, at which no less than 50,000 articles of drawings by children will be exhibited. With a view to arousing international interest, foreign children of Shanghai, representing American, British, French, Japanese, German and Russian nationalities, have been speically requested to send their drawings in the exhibition, which will be placed in a separate room for reference. A collection of master-pieces by some of the leading artists of the country will also be exhibited for the purpose of promoting the interest of children in arts.

The principle for collection of children's drawings, which has been laid down by the Preparatory Committee of the Exhibition is to (a) develop the interest of children in arts, cultivate the aesthetic ability of children and promote original work of art among children, and (b) study the inclination toward the art of children, and test the imagination of children in order to improve the art education for children. The exhibition is not a contest but is only an experiment and study of the drawings by children; so the standard for selection is based on originality more than anything else.

Standard for Selection and Judgment of Drawings

All the drawings, after a careful selection by a committee on Judgment of 36 formed by the Preparatory Committee of the Exhibition, are to be displayed. The standard for selection is based on contents (original work of drawings) and arts (image, drawings in colors and model). However, the drawings, if found out not to have been drawn by the children themselves or corrected by parents and teachers, are not selected. All displayed drawings are to be judged along eight sections, including water-color painting, pencil drawings, charcoal painting and colored-chalk pictures. Children, ages ranging from 4 to 15, are divided into five grades of each section, and the age of children from 4 to 6 is to be first grade; 7 to 8, second grade; 9 to 10, third grade; 11 to 12, fourth grade and 13 to 15, fifth grade. The report of judgment of drawings will be officially announced after the conclusion of the Exhibition.

The winners of the drawings will be awarded prizes of two kinds; one is named first, and the other is second. The schools, which show good attainments of drawings by students, will be given testimonials by the Ministry of Education upon the recommendation of the Central Executive Commission of the National Children's Year. The owners of the selected drawings will also be given souvenirs by the Exhibition. The prizes are being solicited among the leading citizens and organizations concerned throughout the country.

Shanghai, June 1, 1936.

George A. Fitch Appointed to Staff of Nanking Y. M. C. A.

The National Committee of the Young Men's Christian Associations of China announces the appointment of George A. Fitch to the staff of the Nanking Y.M.C.A.

Mr. Fitch was recently released by the Shanghai Foreign Y.M.C.A. to enable him to accept the invitation of the National Committee to join its staff. Mr. Fitch arrived in China in 1909 and for the next eighteen years was a member of the North American staff serving the Chinese Associations. In 1927 he was released to accept the call of the Foreign Y.M.C.A. of which he became the first general secretary. Temporarily Mr. Fitch is continuing to give assistance to the Shanghai Foreign Y. M. C. A. especially in connection with the International Boys Camp held each summer on Swallow Island, Tsingtao. After spending the month of August in Tsingtao he and his family expect to move on September 1 to their new home in Nanking.

77-023

How Articles 16 and 17 Could Be Invoked in Case of War Between China and Japan

BY C. Y. W. MENG (孟昭渭)

WHEN the tolling of the bell took place at midnight of November 17, 1935 in Geneva's deserted street, which signified the opening of the bitter but bloodless Italy on the one hand, and the 52 Member States of the League of Nations on the other, the 450,000,000 Chinese asked: "Sanctions Against Italy: Why no Santion Against Japan?," and they unanimously demanded that sanctions should also be invoked to oppose the aggressor of the West as well as the East, pointing out as one of their reasons that the Italian aggression on the South African Nation caused suffering to about 10,000,000 people, but the Japanese aggression in China caused suffering to no less than 450,000,000, people or one-fourth of the world population! (See "Sanctions vs. Italy, Why No Sanctions vs. Japan" by the same writer, dated November 19, 1935 in *The Review*).

We are gratified to learn that the world is now also agreed that sanctions should be invoked to oppose Japan—the aggressor in the East! The *San Francisco Examiner* and other Hearst papers, in identic editorials on May 16, urged the League of Nations to apply sanctions on Japan, calling Japan a much worse offender against the right, justice, world peace and civilization than Italy. "If the League wants to show its impartiality and honesty, let it impose sanctions against Japan or remove them from Italy," commented the editorial. The San Francisco *Chronicle*, in a special article on May 18, charged that the League pronounced Japan guilty "but did no more." The *Boston Globe*, in an editorial on May 18, stated that the latest Japanese invasion of China was inspired by Italy and that preparations were being made for the development of Japanese armed control over China. A Los Angeles journal, in an editorial on May 18, pointed out that "encouraged by Italy, Japan is rushing more troops to China with intention to seize more territories."

In no other time since the fatal night of September 18, 1931, when the Japanese bombardment and occupation of Mukden began, has world public opinion so intensively been mobilized to oppose the aggressor. Time has now come for the world to take more definite and dignified steps to end the Japanese aggression in China, and to oppose a "militarized Japan"—the world's greatest devil! This is one of the most hopeful signs and turning points in the Far Eastern situation. But it is up to China to take advantage and make use of the world's sympathies, but not take any action which will "stultify" or "negate" her own case in the meantime.

Article 17 of the Covenant

Article 13 of the Covenent provides for submission of the disputes to arbitratron or judicial settlement. Article 15 provides for publication of a report "containing a statement of the facts of the disputes and recommendations which are deemed just and proper in regard thereto." Article 16 provides for the "sanctions." But Article 17, which is more important, so far as the Sino-Japanese dispute is concerned, reads as follows:—

"In the event of a dispute between a Member of the League and a State which is not a Member of the League, or between States not Members of the League, the State or States not members of the League shall be invited to accept the obligations of membership in the League for the purpose of such dispute, upon such conditions as the Council may deem just. If such invitation is accepted, the provisions of Articles 12 to 15 inclusive shall be applied with such modifications as may be deemed necessary by the Council.

"Upon such invitation being given the Council shall immediately institute an inquiry into the circumstances of the dispute and recommend such action as may seem best and most effectual in the circumstances.

"If a State so invited shall refuse to accept the obligations of membership in the League for the purposes of such dispute, and shall resort to war against a Member of the Lrague, the provisions of Article 16 shall be applicable as against the State taking such action.

"If both parties to the dispute when so invited refuse to accept the obligations of membership in the League for the purposes of such dispute, the Council may take such measures, and make such recommendations, as will prevent hostilities and will result in the settlement of the dispute."

Thus, it is clear that sanctions can be invoked and applied to Member States as well as non-Member States of the League. So assuming that by her withdrawal, Japan could claim that she is no longer a member State of the League, neverthless sanctions could still be applied to her should she resort to war in disregard of the Covenant!

Has the Abyssinian Defeat Discouraged the Chinese?

Our American contemporaries point out that the increase of the Japanese troops in North China is "encouraged" by the Italian success over Abyssinia. But let us ask: Has the Abyssinian defeat at the hands of the Italian aggressor "discouraged" the Chinese from putting up resistsnce against Japanese invasion?

Indeed, the stiff resistance of the Abyssinians against the Italian invasion has done much to inspire the Chinese, for a small medieval African Nation by her determination and resistance has won the world sympathies and admiration, and has inflicted heavy casualties upon the invaders and made an "easy victory" impossible. The Abyssinian resistance has been most effective in compelling the Chinese people to reflect and to feel a new shame and to gain a new inspiration. "Is it that we can not follow the example of Abyssians?" is a question which we hear so often today. But now, this South African Nation is virtually "conquered" by the invaders. Has the defeat convinced the Chinese that they are really no match against Japan; that China's resistance is likely to have the same result, and that it is advisable for China to go on having many "talks" with the invaders, rather than meeting them on the battlefield.

In order to answer this question, we can do no better than to quote what some Chinese leaders in power have said about China's positive resistance. General Li Chung-jen, Commander of the 4th Group Army, one of the influential leaders and another "strong man" in South-West, in his 5,000-word declaration which he issued recently, told us that "China could fight" despite the fact that China is militarily weak. He says:

"Militarily, China is a big country but with poor means of communication—a situation quite difficult for the attackers. Economically, China has no heavy industrial centers which should be apprehensive of Japanese bombardments. Politically, China's campaign to oppose Japan will inevitably lead to clashes among the Right, the Leftist and the Liberalist groups in Japan. Internationally, China's campaign to oppose Japan will enlist more sympathies and will invoke more assistance and action from the powers."

Has the League's Failure Discouraged the Chinese?

The next question which we want to discuss is: Has the League's failure to stop the Italian aggression and annexation of Abyssinia discouraged the Chinese, and caused them to lose their faith in the League?

To the pessimists, this failure together with the failure in the past to do anything for China in the Sino-Japanese dispute, sounds like a deathknell for the League. "The League Should Be Abolished"; "Why Should China Continue to Pay Membership Fee to a League which is virtually Dead?"; "Why Should the Chinese Delegates Fight so hard for a Seat in the League's Council, which is really not worthy of our efforts?," etc., are some of the questions which we hear so often to-day.

To them, the greatest shortcomings of the League are: (1) the procedures to invoke the sanctions are too complicated and take too much time; (2) to enforce the sanctions to achieve the desired end without accompaniment of force is next to impossible; and (3) without force at its disposal, the many "resolutions" of the League of Nations are only paper resolutions.

To them, there are two conditions under which the League might do something to preserve world peace, and they are: (1) All Members of the League must have implicit faith in the "principle" and "organization" of the League; and all of them must be ready to uphold the principles and preserve the organization of the League "at all cost". (2) The League should have army, navy and air forces at its disposal to enforce its decisions and resolutions.

But to the optimists as well as the intelligentsia, it is true that the League failed to do anything for China in the Sino-Japanese dispute, but the League is not the only one to be blamed; the Chinese themselves are to be blamed. Unlike the Abyssian delegates who stood up at the very outset to demand and insist on the application of Article 16 (sanctions), the Chinese delegates to the Geneva meetings, when the Sino-Japanese dispute was under discussion, were never instructed to demand the application of Article 16. Aside from invoking Article 15, the Chinese delegates did not say a word about sanctions. When Japan quited Geneva, China did not demand the application of Article 17.

To them, the League's decision to invoke sanctions to oppose Italy, one of big powers in the world—the first of this kind in history—is a hopeful sign which should have our wholehearted support. Dr. Hu Shih, in his article on the "Resurrection of the League of Nations" (*Independent Review*, No. 172), concludes that "What we agree today is that all members of the League should employ united efforts to oppose all unreasonable and aggressive actions," and "we shonld reconstruct the League based upon such principle as the foundation."

(*Continued on page 30*)

77-024

Tokyo "Nichi-Nichi" Sees Threat in Vladivostok Navy

Commenting editorially under the title "The Menace of the Far Eastern Red Navy" on the revival of the Soviet naval forces at Vladivostok, the Tokyo *Nichi-Nichi* May 28 drew attention to the impending conclusion of an Anglo-Soviet naval agreement. Recalling that even a limited Russian naval force at Vladivostok managed to threaten communications in the Sea of Japan during the Russo-Japanese war of 1904-05 the daily declared that the situation deserved to be carefully watched by both the Japanese people and the Government.

Maltreatment of Russians on Detained Steamer Is Denied by Japan

The Tokyo Foreign Office May 28 issued a categorical denial of the Soviet reports that the 393 passengers of the S.S. *Suchan* were maltreated during the detention of the vessel last month by the Aomori authorities on charges of entering a fortified zone.

Japanese Ships Barred from Soviet Ports

Two ships of the Japanese Ministry of Agriculture and Forestry, the *Shunkotsu Maru* and the *Kaio Maru*, will not be allowed to enter Soviet ports, because of the "ambiguity of their tasks," Tameikichi Ohta, Ambassador in Moscow, reported to the Foreign Office May 27.

Soviets Charged with Aiding Bandits in Manchuria

Soviet Russia is supplying bandits in North Manchuria with weapons, ammunition and food, according to an official report by Chen Tao, Manchukuo commissioner for foreign affairs from Suifenho, based on the confessions of one Wo Ka-bun, described as the "chief of the Korean Communists in Jaoho-hsien, Sankiang Province." Wo allegedly declared that when a Soviet military airplane had made a forced landing at Tsilinsing in January, its occupants were escorted to Vassilievskaya, across the Ussuri from Jaoho, by a Korean, Lu Tsung, a Chinese bandit leader, and six others.

In March last year, bandits allegedly received 600 rounds of rifle ammunition at Bikinskaya. The outlaws are further alleged to have been supplied with 4,600 rounds of ammunition in Harbin in October, 1935, and to have been handed 200 poods of salt the following month at Vassilievskaya.

Soviet Government Decree Shows Trend Towards Liberalism

Social origins, discriminations and the Institute of Lishenz of people deprived of social rights because their parents belonged to classes condemned by the Revolution in Russia, as the former nobility, ecclesiastics, Czarist police, gendarmes, and the like, have been abolished by decree promulgated by the Soviet Government last week. The decree puts an end to the practice of keeping confidential records which were passed on from one enterprise to another whenever a worker changed his place of employment and which chiefly dealt with his "political reliability." It is understood that the stipulation of everybody's right to work and even of the State's obligation to find work for everyone, will be included in the new Soviet Constitution, which is now being drafted in Moscow.

Soviets to Tighten Up on Marriage Laws

A proposed Soviet legislative measure prohibits abortion, allows state assistance for prolific mothers, more severe penalties for persons refusing to pay alimonies and changes in the law relating to divorce—requiring the consent of both parties.

The entire Soviet press approves the Government bill regarding the prohibition of abortions and the increase in the material aid to birth-giving women.

Izvestia commented: "When the heavy legacy of the past is eliminated, socialism has been built up and the living and material standard of the working population in town and village has risen, care about the human being and the family is an order of the day, as one of the most important tasks of policy. The elimination of the exploitation and inequality switches over the entire development of the family to new rails. The time has arrived for the creation and consolidation of new family morals."

Nanking Organ Sees Soviets Compromising with Imperialists

The *Central China Daily News* (Nanking) in an editorial May 30 commented: "The Soviet Government, in indicating its willingness to reach a mediation with the Italians, declared that the Berlin policy is more likely to jeopardize the peace in Europe than the Rome policy. It is possible that the Soviet Government will reach a compromise with the Italian Government in view of the former's opposition to the Berlin policy. It seems that the Soviet Government has abandoned its campaign against the imperialistic nations. What is more, she has been trying to reach a compromise with the imperialists."

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ACADEMIC CALENDAR

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End of Summer Term	Friday, July 31, 1936
Opening of Autumn Term	Monday, Oct. 6, 1936
End of Autumn Term	Friday, Dec. 18, 1936

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Thirty-Six Shanghai Silk Filatures Resume Operations

Thirty-six silk filatures in Shanghai resumed operations June 1. More than 300,000 piculs of cocoons arrived here from Chekiang during the previous week. Due to the splendid work of the National Economic Council and the Silk Improvement Committee, the cocoons produced in Chekiang are of good quality. The Shanghai banks have advanced $6,000,000 to the silk filatures during the past several weeks.

Chekiang and Kiangsu to Build Chemical Fertilizer Plant

With the object of reducing the enormous annual import of chemical fertilizers into China as well as supplying the farmers with home-made products, the Chekiang and Kiangsu provincial authorities are jointly adopting a policy of government control over the manufacture and distribution of chemical fertilizers. As a result of a recent conference held in Shanghai between representatives of the two provinces, a Chemical Fertilizer Plant will be established in Kiangsu to centralize the manufacture and distribution of the impregnating materials. The plant is to be a commercial enterprise under government supervision. The initial cost has been fixed at $300,000 to be borne equally by the China Agricultural Bank on behalf of Chekiang and the Farmers Bank on behalf of Kiangsu.

Anhwei to Send Special Delegation to Japan

With a view to developing the Anhwei tea industry, the Anhwei Provincial Government has decided to offer special tea courses to the students of the Anta Agricultural College. A professor of the college and a number of students will be sent to Japan in the near future to study the tea industry in the Island Empire.

C.M.S.N. Company to Discontinue Inland Navigation Service

The China Merchants' Steam Navigation Company is planning to discontinue its inland navigation service on account of various financial difficulties, according to J. K. Choy, General Manager of the company.

Ministry of Industry Plans Control of Foreign Trade

The *Sin Wen Pao* says the first step for the introduction of successful contral of China's foreign trade by the Ministry of Industry will be the promotion of China's export trade. It is reported that Dr. P. W. Kuo, Director of the Foreign Trade Bureau of the Ministry of Industry is making an investigation of China's export business to America at present.

British and Belgian Banks to Finance Trade of West China

The Shanghai *Mainichi* states that the banks of Britain and Belgium will develop the provinces of Szechuan, Sikong and Tsinghai, and that they will export wood, minerals, and vegetable oil from these regions, also that this exporting right formerly belonged to the industrial circles of Germany and Holland, which three years ago, for the purpose of developing the territorial provinces of China, had planned to import European goods and export rural products of these sections. They have now transferred this right to the banks of Britain and Belgium.

Imports of Cosmetics into China on Increase—U.S. Is Principal Supplier

Imports into China of cosmetics during the first four months of this year amounted to $481,538, registering an increase of $119,443 for the corresponding months of last year, according to information from the local Customs authorities. The United States heads the list with 94,230 Haikwan Gold Units, with Japan coming second with 56,209 Hk. Gold Units. Imports of cosmetics for the corresponding months of 1935 amounted to $362,095.

Trial Run on Canton-Hankow Railway Delayed by Rains

Owing to incomplete preparations the trial run on the newly-completed Canton-Hankow railway, which was originally scheduled to be held June 1 has been postponed to June 15. Meanwhile reports have been received from Hangchow, Hunan, the central junction of the railway, to the effect that a section of the roadbed at Tapao and Shangchangling on the railway has been washed off by torrential downpours. Train service at the point, the dispatches state, has been disrupted, but repairs are being feverishly effected.

Tsingtao-Nanking Through Train Service Inaugurated June 1

The Tsingtao-Nanking through rail service was opened by a train which left Tsingtao on the night of June 1.

The laying of rails on the new line between Soochow, on the Nanking-Shanghai Railway, and Kiahing, on the Shanghai-Hangchow-Ningpo Railway, has been completed. Train service will be inaugurated on July 15.

95 New Freight Cars for Lunghai Railway Arrive at Hsuchow

Consignments of 95 new freight cars for the Lunghai Railway, purchased from Belgium, arrived in Hsuchow May 27.

Chang Kia-ngau, Minister of Railways, gave a lecture on the history of railway development in China at the University of Nanking May 25 under the auspices of the Metropolitan Lecture Society (*Shou-Tu Chiang-Yen Hui*).

Omnibus service on the newly-completed Szechuan-Shensi Inter-Provincial Highway was officially opened to traffic on June 1; through traffic with other highways in the two provinces will be instituted a month later.

Several highway bridges and tunnels along the Changting-Lungyeh-Changchow Highway traversing the southern part of Fukien were washed away by mountain freshets last week. The total of losses incurred has been estimated at $10,000. The bus service on the highway was temporarily suspended.

Sian-Chingtzukwan Highway to Be Opened to Traffic June 1

The newly completed Sian-Chingtzukwan Highway, stretching from the Shensi capital to the Shensi-Honan border, was formally opened to traffic on June 6. The new road, which is 260 kilometers in length, was completed within twenty months and at a cost of $7,100,000.

The Fukien Provincial Government has ordered the completion of all highays in northern Fukien within a prescribed period.

The two newly-installed long-distance telephone services—the Nanking-Hsuncheng (Anhwei) and the Tunki (Anhwei)-Shanghai lines—were officially opened to traffic June 1. The charge for a three-minute call 60 cents on the Nanking-Hsuncheng line and $1.10 on the Tunki-Shanghai line.

Chinese Government Purchasing Commission Places Further Large Orders in England

A large order for sluice gates for the Huai River Conservancy was placed in London May 27 by the Chinese Government Purchasing Commission with Messrs. Glenfield and Kennedy, hydraulic engineers of Kilmarnock, who will supervise their erection. The order, valued at £120,000, involves a complete equipment of weirs to regulate the flow of water, including 60 sets of roller sluice gates each independently operated. Meanwhile, it is reported that the Vulcan Foundry is shipping eight more giant "484" locomotives, each weighing 125 tons, for the Canton-Hankow Railway in the middle of June.

Japanese Machinery Exhibition Opened in Shanghai

The Japanese Machinery Exhibition organized by the Japanese Consulate-General in Shanghai, the Japanese Commercial Attache in China and the Japanese industrial leaders, was inaugurated on June 3. The exhibition is located at North Szechuen Road, Shanghai.

Coal Industry Conference at Nanking Discusses Cooperative Marketing

A resolution calling for the co-operative marketing o domestic coal by native coal traders was the center of discussion at the National Coal Industry Conference which opened at Nanking May 30.

In an opening address, Wu Ting-chang, Minister of Justice, expressed the hope that all those present would devote their attention to the co-operative marketing program as mapped out by his Ministry. He stressed the necessity of eliminating cut-throat competition among native coal companies and the prevention of foreign coal dumping. Mr. Wu remarked that nearly two-thirds of the coal business in China was represented in the Conference.

The Conference also discussed such problems as the reduction of mining tax, reduction of railway freight charges, financial assistance to the coal mines, and the development of Chinese coal industry in general.

Recent advices from Tientsin stated that following the sale of the Liukiang Coal Mine to the Japanese, the Japanese have also purchased two more coal mines in Shanhaikwan and Tushing. The Liukiang Coal mine was recently sold to the Japanese for $660,000.

Several miners were wounded during a short strike at the Kailan Mines in Tansghan May 23 when the mine police fired on the strikers after a hand-to-hand fight. As one of the means towards settling the dispute, the Bureau of Public Safety of Tangshan disarmed the mine police.

Kailan Miners on "Go-Slow" Strike—Production Greatly Reduced

Fifteen hundred Chinese miners at the Tongshan pit of the Kailan Mining Administration were on a "go-slow" strike this week, as a result of which output has been reduced from 2,000 to 800 tons a day. The trouble arose when the miners objected to the introduction of a new system whereby they would be paid 50 cents for 8 hours' work instead of $1 for 16 hours. The arrest of 20 ringleaders among the miners by the special police complicated the situation.

Central China Secretly Preparing to Oppose Japan

FROM THE REVIEW'S CORRESPONDENT AT HANKOW

Although it is impossible to find a single official who would be willing to be quoted as saying that Central China is at present preparing to oppose the aggressive policy of Japan by armed force, still it cannot be denied that in private conversation with the leaders of the people in Central China one hears no contradiction when this subject is mentioned over the tea cups. The question is not whether China is going to fight Japan, but when. Building of motor roads along all the railroads in Honan, Hupeh and Hunan,construction of air ports in mountainous districts in inner Honan, rushing of strategic railway lines, such as the Canton-Hankow and the Nanchang-Changsha lines, all point to the fact that something is brewing. Students are quietly preparing their lessons and obeying the higher powers that be, but with one goal in mind : to lick Japan as soon as possible. One hears the same talk from old men and young, from Christians and non-Christians. "We cannot stand this any longer, something must be done, and that quickly." The smuggling in North China is the proverbial straw that will break the camel's back. If the economic motive has been lacking in the past it will not be wanting much longer. The issue will be a sharp one here in Hankow. The merchants will have to take a stand either to sell smuggled goods, or to refrain. This will be test of the genuineness of their profession, whether they place love of country above material advantage and gain.

Hupeh, Honan, and Anhwei Officials Confer at Anking

Meeting ostensibly to discuss the bandit situation of their respective provinces, leading officials of Hupeh, Honan, and Anhwei met last week-end at Anking, in Anhwei province. Besides bandit troubles and flood prevention measures, these officials also took counsel as to the best way of defending their respective territories against possible aggression from the north. No doubt one of the many measures discussed was the progress being made on the Wuhu-Sinyang Railway, which is being built to connect ultimately the Shanghai-Wuhu railhead with Sinyang, Honan, ca. 150 miles north of Hankow of the Peiping-Hankow Railway. This new railroad will pass through the bandit and communist territory along the Honan-Hupeh-Anhwei border. The new means of communication will be very welcome as it will be an effective means of checking banditry for good. Moreover, it will of vast commercial value

Governor Yang Yung-tai of Hupeh Attends Meet

Governor Yang Yung-tai of Hupeh and General Ho Chen-chun, Pacification Commissioner for Hupeh, returned on the 29th of May from Anking. No doubt they will set in motion plans to strengthen their military position in Central China. The very next day, May 30th, General Ho left for Changsha, to be present at the inauguration program on the 31st, when Governor Ho Chien of Hunan will be sworn in as Director of the Pacification Headquarters in Hunan province. This will be an excellent opportunity to perfect plans of cooperations in the event of a major conflict of China with Japan. One of the key positions is Hunan province. because of her central location and now all the more because of the strategic Hankow—Changsha—Canton railroad. The ever-increasing net-work of modern all-weather graveled motor roads in Hunan, is highly praised by all foreigners visiting the province. These highways, built by civil engineers, bear comparison with the same type of motor road in western lands. And all of them are built first of all because of their strategic military value.

"Hankow Herald" Editorial Calls Peiping a Japanese Colony

Refering to the present strike of students in North China as the inevitable result of repression, the editor of the Chinese-owned *Hankow Herald* makes several bold thrusts at Japan for allowing the smuggling situation to come to such a pass. Although Japan may officially deny that she is implicated in the matter, the fact remains that her subjects, mainly Japanese and Koreans, have been violating sacred pledges. Their day of reckoning will come. China will have to make the supreme choice, either to fight and retain her soul or else give in to Japan on every count, retreating and surrendering, and losing her soul. The editor of the *Herald* would not have China surrender. He commends the Tientsin students for their bravery in glowing words, maintaining that the students serve the useful purpose of informing th emasses as to Japan's wily designs on China. The former Peiping student strike "served to remind the Chinese inhabitants that Peiping was still a Chinese territory and had not yet been converted into a Japanese colony!"

Part of the *Herald* editorial for May 31, 1936 follows :—

> "The fact that the students in Tientsin dare to hold patriotic demonstrations by parading through the streets, distributing handbills and shouting slogans—that they even held a mass meeting on the campus of Nankai University, which is situated but a few steps from the Japanese barracks—shows a courage that is most admirable. It shows the will to live on the part of the Chinese people, a never-say-die spirit, that must be reckoned with when Japan tries to carry out her aggressive plans in China."

Hankow, June 1, 1936.

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Increased Naval Demands Upset Japanese Budget

Increased demands for military and naval appropriations for the next fiscal year loomed this week as a menace to the announced plans of Dr. Eiichi Baba, Minister of Finance, to balance the budget by means of tax increases. The opinion that a showdown between the Exchequer and the armed services would be precipitated in September or October, when discussions of the next budget begin, are rapidly gaining ground among informed financial observers in Tokyo. The combined demand of the Army and the Navy will probably reach the staggering sum of Yen 1,500,000,000, or roughly three times that of the record service appropriations approved by the extraordinary session of the Diet which closed on May 23.

Of this amount, the Army would secure Yen 700,000,000 and the Navy Yen 800,000,000. The needs of the military for a strengthening of the Japanese forces in Manchukuo and an air force expansion program, which will feature the Army's plans for the next year, are scheduled to be discussed at joint conferences of War Office and General Staff officers in mid-June.

Still Further Increases Predicted

Large increases in the Japanese Navy's Budget for 1937-38, "far beyond" Yen 700,000,000, were predicted in Tokyo May 31 by informed naval quarters, as officials of the Ministry began to study the budgetary appropriations for the next fiscal year. The Ministry, these observers said, would be guided in its plans by a desire to strengthen Japan's defensive power, especially in the western Pacific. The deliberations on the budget began in earnest June 5, when chiefs of naval staffs met in Tokyo to discuss Japan's answer to the British and American armament plans. The appropriations for the next year will cover large expenditures for construction of new warships and the strengthening of the naval air force, telegrams from Tokyo stated.

New First Fleet Subdivisions Created

Two new subdivisions of the Japanese First Fleet were announced by the Navy Ministry June 1. The battle-cruisers *Haruna* and *Kirishima* have been detached from the First battle squadron and organized into a third battle squadron under the command of Vice-Admiral Keitaro Hara, formerly in command of the First battle squadron, This is the first time that two squadrons consisting of capital ships have been formed in the Japanese Navy.

Changes in Japanese Colonial Administration Forecast

A wholesale shake-up of governors of Japan's colonies and outlying areas is being planned by Hidejiro Nagata, Minister of Overseas Affairs. Gen. Ugaki, Governor-General of Korea, whose resignation has been rumored innumerable times in the past, is generally expected to be one of the governors affected by the changes. Mr. Nagakawa, Govenor-General of Formosa, is expected to relinquish his post as soon as the Formosan Colonization Company, whose formation was authorized by the 69th extraordinary session of the Diet, begins to function.

Ten Army Cadets Implicated in Inukai Assassination Are Released

Two years, eight months and eight days after they were sentenced by a court-martial to a four-year imprisonment for taking part in the assassination of the late Premier Tsuyoshi Inukai, ten former Army cadets were released from the Toyotama penitentiary in Tokyo June 1. Another member of the group, Gotoh, given a similar sentence, was released from the jail on April 29, 1935, on grounds of ill health. He has since studied national history under Dr. Cho Hiraizumi of the Tokyo Imperial University.

The sentenced men's original prison term was shortened under the amnesty announced on the birth of the Crown Prince on Dec. 23, 1933. Five months spent by the defendants in prison before the trial also aided in their earlier release. The ten men, headed by Tadaaki Nakajima, ranged in age from 26 to 28 years. They were charged with rebellion and violation of the Explosives Law. The released men received a tumultous welcome from a large group of relatives and representatives of patriotic societies, which massed at the entrance to the jail.

A large number of naval cadets and civilians, who aided the military cadets in their abortive attempt to seize control of the Capital, are still in prison.

Premier Inukai was killed in the sitting room of his official residence, as he was telling the would-be assassins to "talk things over," so that they could understand his ideas.

New Laws Effective as Result of Emperor's Signature June 1

Laws entered on statute books by the 69th extraordinary session of the Diet became effective June 1, on their approval by the Emperor. Among the statutes was one raising tariff duties on mineral oils, aluminum, paraffin and a number of chemical substances. Gasoline is the most important item of imports affected.

Japanese Deport Chinese Who Wrote Anti-Imperialist Essay

Anti-Imperialistic views, voiced in an essay submitted to a three-day exhibition of works of Chinese students attending Japanese schools, resulted in Yuan Ching-ying, aged 20, being deported by the Foreign Affairs Section of the Metropolitan Police Board on June 4 as an "undesirable alien." Studying the Exhibits, which drew large crowds to the Hitotsubashi Auditorium on May 9-12, the police came across an anti-imperialistic essay, entitled "Bloody Grudge, a Battle Song" signed by one Chen Kang. The police began an investigation which finally brought them to Yuan. He is a native of Kwangtung, and was studying sociology in Hosei University.

Japanese Finance Ministry Increases China Staff; Army Provides Most of Funds

The establishment of an independent section for the study of economic conditions in East Asia was sanctioned by the Tokyo Ministry of Finance May 29. The new unit, which will consist of three senior officials, one of whom will be stationed in China, will have Yen 80,000 at its disposal during the present fiscal year. The Army provided Yen 68,000 for this purpose.

Japanese Martial Law Modified, But Discussion of Feb. 26 Incident Still Prohibited

Restrictions on ordinary public meetings, prohibited since martial law was proclaimed in Tokyo on Feb. 26, were lifted May 31, but outdoor meetings and demonstrations, and all discussion of the Feb. 26 incident, are still prohibited.

Japan's Hegemony of Pacific Shipping Now Achieved, Says Tokyo "Asahi"

The *Tokyo Asahi*, May 21 stated that the Japanese fleet of merchant vessels has now captured the hegemony of the Pacific. At present the Japanese Government is proposing in the Diet enactment of the Shipping Route Control Bill. Moreover, the Government has expressed the intention of adopting a more positive shipping national policy in order to build up a powerful shipping transportation power by increasing the present tonnage of 4,000,000 tons to 6,000,000 tons at a stretch.

Retirement Rule to Be Applied to Mitsui Subsidiaries

Mitsui subsidiaries will abide by the compulsory retirement regulations recently adopted by the Mitsui Gomei Kaisha, parent firm, from July 1, it was announced in Tokyo May 28.

Tokyo Treasury to Convert Yen 352,000,000 of Bonds at Lower Interest Rate

The Tokyo Finance Ministry May 30 announced its plans for converting Yen 352,000,000 worth of 5 per cent national bonds, maturing in 1940-52 to a new issue bearing an annual interest of 3.5 percent and maturing in 13 years and 8 months, beginning July 15.

Japanese Hope to Produce 300,000 Autos Per Year, But Admit Inferiority of Parts

The automobile manufacturing industry bill which passed the special session of the Diet seeks to effect self-supply and self-sufficiency in the so-called "masses' automobiles" of the Ford or Chivrolet class, the *Tokyo Hochi* of May 25 stated. The domestic automobile manufacturing companies are thus extending their equipments so as to make themselves ready to turn out 30,000 automobiles a year.

The *Hochi* pointed out that the problem now arises, that home-made automobiles, while not inferior to imported cars in shape or cruising power, are defective in that after long hours of use the parts are liable to be damaged and the rate of wear and tear is high, so that expenses for repairs are markedly large. The extent to which technical progress can be made in this direction is now being watched for in the new cars to be turned out by home manufacturers under the stimulus of the new law, the *Hochi* added.

World's Astronomers Gather at Hokkaido Fishing Village

The world's leading astronomers are gradually gathering at Esashi Village, Kitami, Hokkaido, to observe the solar eclipse of June 19. The last time a foreigner visited Esashi, according to village records, was a certain Dr. Todd, who went there in 1893 for a purpose which was not revealed by the records. Four foreign-style rooms in the newly built dormitory of the Hokkaido Fishery and Canning Company have been reserved for the use of the visitors.

Siamese Officers and Non-Coms on Way to Japan for Practical Training

Eleven officers and 35 non-commissioned officers of the Siamese Navy sailed from Bangkok June 1 on a Japanese ship for a period of practical training in Japan. They are due to arrive in Japan on June 12.

77-028

British Embassy Expresses Regret for Kunming Consul Incident

A satisfactory settlement is understood to have been reached between the British and Chinese Authorities concerning the recent incident in Kunming (Yunnanfu) in which three Chinese boy scout instructors were alleged to have been beaten by H. I. Harding, the British Consul-General there.

Following Chinese representations on the subject, the British Embassy has replied expressing regret over the incident and stating that Mr. Harding is leaving China shortly. It is understood that the matter is now considered closed by the Chinese Authorities.

Contending that the spacious garden of the British Consulate in Kunming has been the scene of frequent unhappy incidents between the British and Chinese authorities, the Yunnan Provincial Government is taking steps for purchasing back the site and thereby removing the cause of friction. The legal aspects of the question, it is stated, in a *Central News* message from said city, have never been clearly defined, it being claimed that the garden site is still the property of the Yunnan Provincial Government, and that the transfer to the British Consulate General of the site is never legally binding.

Dr. Alfred Sze Not Returning to China

Current reports that Dr. Alfred Sze, Chinese Ambassador to the United States, is returning to China either June or July were branded as unfounded by Nanking diplomatic circles May 27.

Dr. C. C. Wang, Director of the Chinese Purchasing Commission, and Tang Leang-li, well-known journalist and author, were appointed May 27 to represent China at the Congress of the International Federation of League of Nations Societies at Glasgow on June 1.

Soviet Ambassador Calls on Dr. H. H. Kung

D. Bogomoloff, Soviet Ambassador to China called on Dr. H. H. Kung, Minister of Finance in Nanking May 26.

Tateki Horiuchi, first secretary of the Japanese Embassy in China, was appointed May 28 Consul-General in Sydney, simultaneously being promoted to the rank of senior official of the Second Grade.

Tatsuo Kawai, Japanese Consul-General in Canton, is shortly to be transferred to Shanghai to succeed Itaro Ishii as Consul-General there. Mr. Ishii is to be appointed Japanese Minister to Siam.

S. R. Von Winterfeldt, Commercial Counsellor to the German Embassy, and Mrs. Winterfeldt returned this week from a short visit to Huangshan, a scenic spot in Anhwei.

Graft in Officialdom Stated to Be Disappearing

In the course of a recent press interview Dr. Wong Wen-hao, Secretary-General of the Executive Yuan, noted with gratification that since President Chiang Kai-shek's circular order on March 10 prohibiting graft in officialdom, that deep-rooted evil has been gradually disappearing.

Magistrates and Court President Receive Disciplinary Punishment

Four district magistrates and one court president were given varying punishments May 28 by the Commission for the Disciplinary Punishment of Public Functionaries for delinquencies in their duties. Teng Hsiang-hai, magistrate of Liehyang, Kiangsu, was served a written admonition for his negligence (escape of a prisoner from his custody); Sung Wen-kwei, President of the Minhsien District Court, Kansu, was given a demerit for an unexplained disappearance during a time of emergency; Chang Han-liang, former magistrate of Loyuan, Fukien, was given a demerit for a case of malfeasance; Wei Yen-tai, ex-magistrate of Yihsien, Honan, was dismissed from office because of the escape of prisoner under his custody, and Chu Sheng, magistrate of Chinchi, Kiangsi, was demoted one grade for malfeasance.

Great Northern Telegraph Co. Loses Nagasaki Tax Suit in Tokyo Court

After five years of litigation, the Tokyo court of administrative litigation May 27 ordered the Great Northern Telegraph Company to pay to the Nagasaki taxation office the sum of Yen 546,329, representing the income and business tax for the four-year period 1926-29. Declaring that the Nagasaki office of the Great Northern ranked as a business firm, the Nagasaki Taxation office demanded that it pay Yen 146,329 as a business tax for 1927-29, and Yen 400,000 as an income tax for 1926-29.

The Nagasaki taxation office held that the firm's Nagasaki station, through which messages to Shanghai and Vladivostok pass, is making an annual profit of more than Yen 1,000,000, and thus is liable to taxation.

Japanese "Kana" Messages to Be Accepted by Tientsin Radio

Messages in Japan "Katakana" characters will be accepted in Tientsin and in Peiping for transmission to Japan over the new Tientsin-Tokyo radio-telegraph circuit which was opened on June 1, m5,emu1əJnng conci

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Geneva Speakers Flay Japan for Condoning Narcotics

A *Reuter* message from Geneva May 28 stated that some of the plainest speaking ever heard at Geneva was delivered before the Opium Committee of the League of Nations by Mr. Fuller, the United States delegate, and Dr. Victor Hoo, the Chinese representative, who both condemned Japan for failing to take adequate suppressive measures against Japanese and Korean nationals engaged in the drug traffic.

Mr. Fuller urged that "The Japanese Government, whose subjects are more widely and more closely connected than those of any other country with the traffic in China in morphine, heroine and cocaine, take steps, without further delay, to punish Japanese and Koreans responsible for their clandestine manufacture and illicit traffic." This, he added, had brought the name of Japan into disrepute.

The United States delegate then referred to the "almost unbelievable conditions in East Hopei, the disgraceful state of affairs in Tientsin and Peiping, the terrifying spread of drug addiction in the Hopei countryside and the conditions existing in Shanghai." Japanese and Korean traffickers were, he charged, responsible for the situation, which afforded "eloquent testimony to the helplessness of the Japanese authorities, limited by Japanese laws to penalties which are perfectly ridiculous."

Stuart Fuller renewed his outspoken indictment of Japanese drug dealers and Japan's failure to thwart their activities, May 28 before the League Advisory Committee. This time, Mr. Fuller spoke in particular of conditions prevailing in Shanghai. He revealed that some 30 or 40 Japanese-owned opium shops existed in the Hongkew District of the Shanghai International Settlement. The Japanese authorities, he said, were fully aware of the existence of these dens but never attempted closing them down.

Dr. Victor Hoo outlined the measures enforced by the Central Political Council at Nanking to check the drug menace in China. A total of 970 persons, he declared, were sentenced to death by shooting for violation of the laws prohibiting the trading in, or consumption of, manufactured drugs. The life of the nation, he said, depended on its struggle against drugs, "which we must fight to the bitter end." He informed the meeting of the Draconian methods adopted by China, which had the effect of restricting the activities of clandestine factories and traffickers of manufactured goods wherever the problem was not complicated by factors outside the control of the Chinese authorities. The biggest difficulty at present, which was insoluble without the collaboration of other countries, proceeded Mr. Hoo, was the action of certain foreigners in taking advantage of their privileged position to indulge in trade in drugs on a vast scale, paralyzing, as far as manufactured drugs were concerned, the effects of Chinese measures. The situation, he added, was still very grave in certain parts of China. especially in North China.

Mr. Lyall, British assessor on the Committee, stated that the Changli district in the demilitarized zone had 131 opium shops. The Governor attempted to deal with the situation, he said, but as the majority of the shops were run by Japanese his efforts were of no avail.

Following the amazing revelations concerning the narcotics situation in China, the Opium Committee of the League of Nations May 29 passed a resolution requesting Japan "to redouble her efforts and to take such action as may be necessary to apply to all persons under Japanese jurisdiction, wherever they may be, who engage in illicit traffic in, or manufacture, of narcotic drugs, penalties which are likely to act as an effective deterrent." The Committee based its appeal on the fact that the situation in China represents "not only a serious menace to China but also to the world, and that the seriousness of the situation in China is partly due to the fact that the maximum penalties which can be imposed under Japanese law on traffickers of Japanese nationality have proved totally inadequate to serve as a deterrent and to prevent illicit traffic."

During a discussion on the importation of acetic anhyride at a meeting of the Opium Advisory Committee it was revealed that of the 10,000 kilos imported in six months, 9,000 kilos were by Japanese, especially in Hankow. Dr. Victor Hoo, the Chinese representative, suggested that an explanation might lie in the fact that four clandestine factories for narcotics were known to exist in the Japanese Concession at Hankow, which produced eight kilos daily—considerably more than sufficient for the world's needs.

Mr. Fukuyama, chief of the Japanese Consular Police in Shanghai, promptly denied the charge that his officers were negligent in curbing the activities of Japanese and Korean drug peddlers in Shanghai. Admitting that the lightness of the punishment provided by Japanese law for such cases, which ranges from a Yen 100 fine to a term of three years at hard labor or both, failed to deter many after they had once been dealt with, Mr. Fukuyama pointed out that his office was now resorting to deportation as a regular practice. This treatment, he said, appeared to hit the convicted peddlers much more vigorously, as they not only lost their "territory" and their connections, but were barred from all China. "The heavy penalties being imposed on unlicenced sellers of opium by the Chinese Government tend to drive this illicit trade into the foreign-controlled areas, where at least, there is no death penalty. But while the transactions go on within these areas, the elements controlling the trade reside outside far beyond the reach of the foreign authorities," Mr. Yu said.

Japanese Consulate General in Shanghai Deports Two Koreans

The Japanese Consulate General in Shanghai end of last week deported two Koreans who had offended against the narcotic regulations. One of them had a family of twelve. He was discovered selling heroin, using a bicycle shop as a blind. He had previously been convicted of a similar offense.

New Anti-Drug Bureau to Be Established in Hopei and Chahar

The Hopei and Chahar Political Council May 29 ordered the establishment of an anti-drug bureau for Hopei and Chahar with Kuo Chih-han as director.

There are approximately 2,000,000 drug addicts in the world, who consume annually 400 tons of drugs about, according to estimates contained in the confidential report of the League of Nations expert. These figures do not include Far Eastern opium smokers, of whom there are presumably several millions.

It is estimated that there are 120,000 users of drugs in the United States, and 10,000 in Canada.

964 Executed For Violating Anti-Drug And Anti-Opium Laws in Six Months

Altogether 964 persons were executed for the violations of laws prohibiting the trafficking and manufacture of opium and narcotic drugs during the latter of 1935, according to figures released by the Directorate-General of Opium Suppression, Nanking, May 30. The period under review began from June 5, 1935, when Gen. Chiang Kai-shek assumed his co-current post as Director-General of Opium Suppression, to the end of December, 1935. During the same period, the report says, a total of 59,995 kilograms of opium and 1948 kilograms of narcotic drugs was seized.

Gen. Chiang Kai-shek May 30 received a report from Victor Hoo, who said that the various countries represented at the Geneva meeting were unaimously in hearty approval of the results of the anti-opium and anti-drug campaign in China. Throughout the meeting, the report stated the the impression of the various foreign delegations was favorable towards China's efforts in annihilating the narcotic evil in China within a specified period of time.

June 3 Is Observed as National Anti-Opium Day

Gen. Chiang Kai-shek, Director General of Opium Suppression, personally addressed a gathering in commemoration of the National Anti-Opium Day at the Officer's Moral Endeavor Association, in Nanking June 3.

Drug Peddler Is Executed in Peiping

After underdoing the ordeal of witnessing a bonfire of a large quantity of drugs confiscated by the Tientsin and Peiping anti-Drug Bureau, Jen Shih-kun, a drug dealer, was executed north of the Temple of Heaven in Peiping May 27.

Opium Den Scene at Tussaud's Removed at Request of Chinese Government

As a result of representations made by the Chinese Ministry of Foreign Affairs, the wax model of a Chinese opium den for sailors which had long been displayed at the Wax Museum of Madame Tussauds, Ltd. in London, was recently removed. It was pointed out in the note of the Waichiaopu that there no longer existed in China such opium dens and that the continued exhibition of the model would not only distort the conception of the English public towards Chinese culture but would also prejudice the friendly relations between China and England.

"Shao Kwangtung" Says He Was Tortured Into Confessing by Police

Yih Hai-sen, alias "Shao Kwangtung," who formerly confessed to having murdered Warrant Officer Hideo Nakayama of the Japanese Naval Landing force, on Darroch Road at 9 p.m. on November 9 last, May 27 completely repudiated his former confessions, stating that he had admitted committing the crime only after being tortured by police. He took off his clothes in the dock and showed the judge his injuries. After crying almost throughout the entire short hearing, "Shao Kwangtung" was ordered by Judge Dzien to be sent to the Police Hospital to be examined by police doctors in conjunction with court doctors. The hearing was then again postponed for another week, the trial having made very little headway so far. Meanwhile, on request of counsel, the accused had been taken to hospital where an X-Ray was made. It was disclosed that there were a few marks on his body, but there was no evidence of his having swallowed keys and hooks, as he had alleged, in an attempt to commit suicide.

Charges of torture by the police were also made by another Cantonese, named Yang, held with the first mentioned on the Nakayama murder charge.

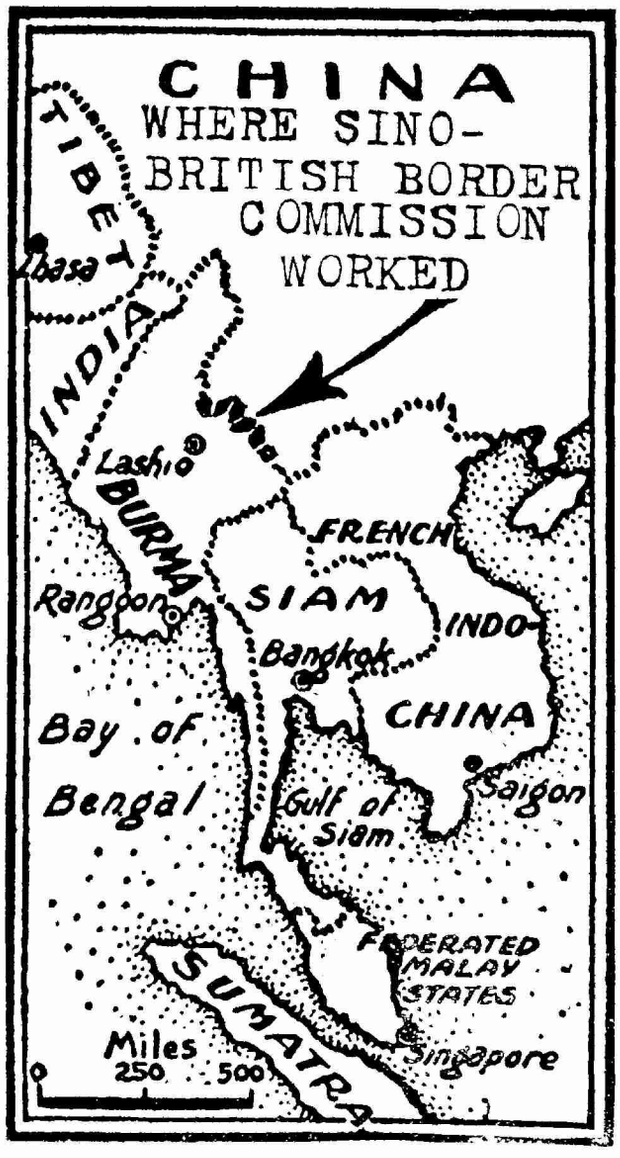
The case generally was marked with a succession of confessions and denials by the accused.

Chinese Commissioner Reports on Burma Boundary Negotiations

After an absence in Yunnan of seven months, Leong Yew-koh, Senior Chinese Commissioner to the Sino-British Joint Boundary Commission for the Yunnan-Burma border returned by airplane to Nanking May 29 and reported to General Chang Chun, Minister of Foreign Affairs, on his mission.

The duty of the Commission, it was explained, is to interpret certain paragraphs in the Agreement of 1897 over which the former Sino-British Commissioners, thirty-six years ago, failed to arrive at a common interpretation. The portion of the Yunnan-Burma boundary concerned has been left unsettled ever since. The scope and procedure of the present Commission were duly defined by Terms of Reference which the two Government agreed to when the Commission was set up last year.

On December the Chinese Delegation met the neutral Chairman and the British Commissioners at the British Camp at Hohsawn, which is also a military post. In order to settle the first section



of the unsettled boundary, conferences were held at Hohsawn and Nanta, besides making numerous excursions for investigations on the ground. The conferences were held in the Chinese and British camps on alternate days.

Only about half the disputed area has been dealt with this season. The other portion will have to be investigated during the next dry season.

During the past season the Commission held 67 conferences and heard about thirty to forty witnesses. The nearest post office was about twelve days' march away. However, the Commission was in constant wireless communication with Nanking and Kunming.

The Chinese Commission reported that its relations with the Chairman (Col. F. Iselin, Swiss artillery officer) and the British Commissioners in the work of the Joint Commission were very pleasant.

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In the United States Court for China

In re
ESTATE
of
FRANK LEWIS HOUGH
Deceased.

Cause No. 4066
Special Proceedings
No. 1944

NOTICE
Filed at Shanghai, China,
May 9, 1936
William T. Collins, Clerk.
L. T. Kenake, Asst. Clerk.

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of FRANK LEWIS HOUGH, deceased, to present the same with vouchers to the undersigned on or before November 16, 1936, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

EDWIN O. HEUSER
Administrator
c/o National City Bank,
Shanghai, China.

Shanghai, China.
May 9th, 1936.

Anti-Japanese Volunteers Continue Active in "Paradise"

More than ten Japanese military officers were killed in an encounter with the anti-Japanese volunteers at Larlin, North Manchuria, on May 26, according to a belated report received in Harbin end of last week. The anti-Japanese volunteers who participated in the fight totalled more than 100 men. According to another report, some 600 anti-Japanese volunteers under the command of Hsia Yung-kai launched an attack against the mining district at Tangyuan district in Pingkiang Province on May 22. As a result of the fight, six Japanese were killed and three seriously wounded. Because of these anti-Japanese volunteers in North China, the Japanese Kwanting Army is planning to launch another "suppression camipaign" against these volunteers in the near piture.

Part of the godowns of the Fengtien railway at Changchun was burned to the ground on the night of May 31 by the anti-Japanese volunteers. The total loss is estimated to be Yen 70,000.

Three Japanese Army Men Killed When Outlaws Wreck Train

Thirteen persons were killed and ten others wounded May 26 when a passenger train on the Muling branch line of the Harbin-Pogranitchnaya Railway was derailed and subsequently attacked by a band of about 100 outlaws. The dead included two Japanese Army captains, one soldier, six Manchu and one Korean passengers.

Four Killed, 33 Hurt in North Manchuria Railway Accident

Four persons were killed and 33 were seriously injured when a freighter, bound west, crashed into a stationary mixed passenger and freight train at the station at Hengtaohotze, on the eastern section of the Chinese Eastern Railway, on May 22. The dead compaised one Japanese, two Chinese and one Russian. The accident is alleged to have been caused by a mistake on the part of the switchman.

Fourth Bond Issue to Be Used to Pay for C.E.R.

Naoki Hoshino, director of the Bureau of General Affairs of the Finance Department of Manchukuo, is spending two weeks in the puppet territory in order to discuss the fourth issue of Manchukuo national bonds, required for the purchase of the North Manchuria (Chinese Eastern) Railway, with banks belonging to the syndicate underwriting the operation.

S. M. R. Building More Railways for Manchukuo

The third plan of railway construction in Manchukuo, undertaken by the South Manchuria Railway Company, will be completed next year, bringing the total length of lines managed by the concern on behalf of the Hsinking Government to 18,000 kilometers, the Tokyo *Jiji* reported June 2.

Railway to Chengteh to Be Completed June 16

Opening of the Pingchuan-Chengteh railway,—the last link in the railroad connecting the Capital of Jehol with the rest of Manchukuo, was announced on June 16 by the Hsinking Department of Communications.

High Japanese Officials Discuss Extrality Abolition in Manchukuo

Relinquishment of Japanese extraterritorial rights in Manchukuo was discussed by leading Government officials at the Premier's official residence in Tokyo, June 1. The conference was attended by Lieut.-Gen. Yoshijiro Umetsu, Vice-Minister of War; Shigeru Kuriyama, Director of the Bureau of Treaties of the Foreign Office; Shohei Fujinuma, secretary-general of the Cabinet; and Daisaburo Tsugita, Director of the Bureau of Legislation. The Privy Council, which has been studying the Japanese-Manchukuo agreement on extraterritoriality for some months, is expected to make its final decision in the near future.

Shanghai Office of the Hsin Chung Company Is Inaugurated

The Shanghai office of the Hsin Chung Company organized by the South Manchuria Railway Company for the exploitation of China was recently inaugurated. Having its office in the same building as the Shanghai office of the South Manchuria Railway Company, the new company is designed to promote Sino-Japanese trade.

Canton and Wuchang Compete for Canton-Hankow Railway Head Office

In a telegram sent to the Ministry of Railways May 23 the Hankow Chamber of Commerce requested that the head office of the newly completed Canton-Hankow Railway be established at Wuchang, the northern terminus of the railway, as a means of boosting the prosperity of the Wuhan area. Meanwhile, commercial circles in Canton are showing keen interest in this question. Requests are reported to have been made by Kwangtung commercial organizations that Canton should be selected as the site for the head office of the newly completed railway.

Manchukuo-German Trade Treaty Comes Into Force as from June 1

Simulataneously with the coming into effect on June 1 of the trade agreement signed between Manchukuo and German representatives in Tokyo on April 30, the authorities in Hsinking made public the terms of the accord. The first of the 14 articles comprising the pact, provides for the German administration controlling foreign exchange to admit the importation into Germany of Manchukuo products valued at 100,000,000 yuan, calculated on the basis of c.i.f. prices, during the period of one year. Three-fourths of the payments for these purchases, will, under Article 12 of the accord, be made in foreign exchange, and the balance, or one-fourth of the total due by Germany to Manchukuo, will be paid in Reichsmarks. The latter will be kept in a special account at a bank designated by the Manchukuo Government for use in the payment of German goods imported into the new Empire.

The agreement also stipulates that Manchukuo shall take measures necessary to insure the sufficient importation of German goods. Private clearing transactions in trade between Manchukuo and Germany will from now on require the approval of the governments of both countries.

Manchukuo to Organize Importers and Exporters

Decision to organize a powerful importers' and exporters association, to provide all traders with an equal opportunity in trading with Germany under the terms of the new Reich-Manchukuo Commercial Agreement, was reached by the Manchukuo Government last week. The body, which is not to be controlled by the Government, would include about 40 importers and some 30 exporting firms.

German Officer Says League Is Like a Radio Set

Lieut-Gen. Von Bienanth, described in the passenger list as "a military officer of Nazi Germany", told reporters in Kobe June 1, that the League of Nations, "is like a radio set. It just talks and talks." He cited the impotence of the Geneva organization in the Manchurian and Abyssinian crises and praised "the wisdom of Japan" in leaving it. "Germany, naturally has no use for such organization," he bluntly told his listeners.

Nanking Foreign Ministry Studies German-Manchurian Commercial Agreement

The Ministry of Foreign Affairs at Nanking is examining the contents of the German-Mamchurian Commercial Agreement. According to German authorities, the agreement was concluded between the German and Manchurian commercial interests for the commercial and economic development of the two countries. As none of the governments take any part in the agreement and the agreement is not of a political nature, the German authorities declared that it is of no political significance.

Commenting on the signing of the so-called German-Manchukuo treaty, *World Culture* May 16 said: "It must be admitted that the German-Manchukuo Commercial Treaty is of a great political and military significance. In the first place, the conclusion of the present commercial treaty by Germany is tantamount to her recognition of the puppet state. Secondly, the exchange of Manchurian beans for German military supplies enables the two imperialistic nations for a joint invasion into Soviet Russia and China Proper."

Echo of China Realty Co. Loan—Marquis Li's Sentence Reduced

As appeal to the Supreme Court at Nanking, by Marquis Li Kuo-chieh, former General Manager of the China Merchants' Steam Navigation Company, who three years ago was sentenced to one year and two months' imprisonment by the Nantao District Court, but who has not yet commenced to serve the sentence, has resulted his sentence being reduced to eight months' imprisonment, postponed for two years.

Besides the eight months' prison term, Marquis Li was also ordered to return the $700,000 which he was alleged to have paid to the then Government superintendent of the company in exchange for his approval in mortgaging some valuble properties of the company, including its wharves, to the China Realty Company for a sum running into eight figures.

It is reported that the Supreme Court has also ordered the Marquis to pay interest on the $700,000, which would increase the total sum payable to more than $1,000,000. Should the accused fail to raise the money his properties would be confiscated. Ever since passing of the original sentence, Marquis Li has been under guard at the Greater Shanghai Hospital on the plea of illness. He owes the hospital more than $4,000, according to The *China Evening News*.

Preparations Being Made for Night Flying Between Nanking and Shanghai

Preparations for night flying between Nanking and Shanghai have been started by Ministry of Communications. The Eurasia Aviation Corporation has been ordered to instal beacon lights and other equipment at the airdrome near the Ming tombs at Nanking. The Lunghua Airdrome in Shanghai has already been equipped with such facilities.

Eurasia's New Office Building at Nanking Is Opened

The newly completed $10,000 office building of the Eurasia Aviation Corporation at the Ming Palace Airdrome was formally open to business on June 1. The new office includes a bar. Beacon lights are being installed at the landing field in order to make possible flights at night.

Policemen to Contribute Funds for Presenting Airplane to General Chiang Kai-shek

A plan, signed by police commissioners of principal cities, including General Tsai Ching-chun of Shanghai, has been approved by the Ministry of Interior in Nanking, calling for the contribution of sums by all police officers in the nation to raise a fund to be presented to the government as a mark of respect to General Chiang Kai-shek, president of the Executive Yuan, on the occasion of his 50th birthday on October 29, 1936.

The sky terrace of the Park Hotel in Shanghai was crowded to capacity on the occasion of the Aviation Ball, held under the auspices of the Mayor of Greater Shanghai Municipality on the night of May 26 to raise funds to buy airplanes to present to Generalissimo Chiang Kai-shek on his birthday. Walter Kwok acted as the Master of Ceremonies. An interesting feature of the event was the running of the air derby, in which six model airplanes and attractive debutantes took part.

Chinese Young Woman Will Take Air Training at Lungwha Starting June 10

Miss Yang Chin-chuan, a young woman from Wuchang, Central China, was among the 39 persons (the others being males) who passed the preliminary examinations held by the Flying Club of the China Aviation League in Shanghai last week. She was the only female applicant. The formal opening of the training class, of which this intrepid young Chinese woman will form a member, will take place with apprpriate ceremony at the Lungwha Airdrome June 10, when Mayor Wu Te-chen of Greater Shanghai will be present and make a speech.

Two Filipino Aviators on Way to Madrid

Antonio Arnaiz and Juan Calxo, two Filipino aviators are attempting a flight from Manila, whence they departed May 29. They arrived at Hongkong safely the same day. Their itinerary will include Hanoi, Rangoon, Akyab, Calcutta, Allahabad, Jodhpur, Karachi, Jdask, Bushire Baghdad, Gaza, Cairo, Mersa, Athens, Rome, Marseilles and Madrid.

Zeppelins to Fly Pacific to Compete with Pan American Airways?

An air ship service across the Pacific from Tokyo to Vancouver is being planned by the Eastern Hemisphere Airways, a company organized in Japan, according to the *San Francisco Chronicle*. The company is to purchase two Zeppelins from Germany to make the trip in five days, (the *Chronicle* stated,) in order to compete with the Pan-American Airways' "Clipper" flying-boat service between Alameda, California, and Manila.

Macao as the Pacific Terminus of the Trans-Pacific Service?

Repetitions of various previous reports that the Pan-American trans-Pacific line would be extended to Macao appeared in several Chinese newspapers during the week, but no confirmation to this effect came from the local offices of the Corporation.

French Offical Suggests That Col. Lindbergh Re-enact Trans-Atlantic Flight

The proposal that Col. Charles Lindbergh, now in England should be asked to take part and re-enact his historic arrival on May 21, 1927, at Le Bourget in an air race from New York to Paris next year to be timed for the tenth anniversary of his famous solo flight, has been put forward by Louis Hirschauer, French aviation official, who makes the suggestion as part of possible attractions for the Paris International Fair.

Palestine Situation Grows Worse—More British Troops Sent from Egypt

Disturbances throughout Palestine continued unabated during the week with bombings and snipings reported from many parts of the country. In view of the grave situation, further troops are being dispatched to Palestine from Egypt. Among the casualties June 1 was a student of a Hebrew university, who was shot dead while traveling in a bus outside Jerusalem.

The entire Arab press of Palestine has been prohibited for 10 days by order of the mandatory government.

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HOW ARTICLES 16 AND 17 COULD BE INVOKED IN CASE OF WAR BETWEEN CHINA AND JAPAN

(*Continued from page 20*)

To them, when the sanctions fail to take effect to stop the aggressor, the question before the League is not about its "abolition" nor "re-organization" of the League, but rather, how to "strengthen" the power of the League, and to make the sanctions more effective. Dr. Hu, in his third article on the League of Nations (*Independent Review* No. 202) pointed out that the present tendency is towarding the "strengthening" of the League. He says :—

> "So during these days when the League is at its wit's end, we are still unwilling to abandon our optimism in the League. We believe that the League still has a chance of revival. The power of the League might be more strengthened than ever before, after her failure this time."

Active American Co-operation with League Urged

The League was greatly strengthened when Germany and Russia joined the League, and when some 11,000,000 Britons voted for the League and more than 6,000,000 for military sanctions. At present America is the only big power which still remains outside of the League's Assembly. Her active and actual co-operation with the League will not only be a "timely rescue" to save the League, but also will greatly strengthen the power and prestige of the League. So our American contemporaries which advocate the application of sanctions to oppose the aggressor in the East will make a better contribution to the world and will render more valuable service to the Chinese if they could mobilize themselves to exercise more influence and to bring pressure to bear upon thir government and Washington officials to discard the socalled "isolationist" or "keep-out-of-war" policy, but to embark on the active co-operation with the League. We have two reasons to state :—

First: It is useless for the Americans to keep on lodging and sending "protests," "notes," etc., one after another to Tokyo, call the latter's attention to the Nine Power Treaty, and to take any individual actions. The militarists in the Island Empire have gone "mad;" they have tramped under foot all international agreements; they will not listen to any plea, and they regard the many protests, notes, etc., as "scrap of papers" only. But it is far more effective if the Americans will join other powers to take such action, such as sanctions, to oppose the aggressor.

Secondly, it is useless for the Americans to claim that the American foreign policy is based on the Monroe Doctrine which, if interpreted, means that the American Nation will not interfere with the affairs of other states, but at the same time, the American Nation will not allow others to interfere with the affairs of the states in the American Continent. But by going to war with Spain in 1898, by wresting the Philippine Islands from the Spanish, thus securing a territorial footing in the Far East; by participating in the World War of 1914; by calling international conferences, such as the Washington Conference in 1922 to discuss the Disarmament and the Far Eastern Problems, and by instituting many international agreements, such as the Anti-War Pact, etc., the Americans in the past have shown lively interest in world politics, and have taken an active part in international affairs, and have, in fact, already discarded their Monore Doctrine. Our Almighty Dollar was once the leading spirit in world politics, so the Chinese hope that the U.S. will resume the same role!

To co-operate with others to oppose the aggressor at the present moment would be effective and bloodless. What the Americans have to sacrifice is some portion of friendship with the aggressor. But to go to war with the aggressor when another "sinking of Lusitania" takes place would be costly and bloody. Which alternative will the Americans take? Russia could discard her communistic principles and come to join with the "society of capitalistic nations," why should not the Almighty Dollar do the same thing to forget all about the "Monroe Doctrine," "isolationist," policy, etc., just because the gravity of the situation demands a change of the American foreign policy?

China has not given up hope of "resistance," despite the Abyssinian failure to oppose the Italian aggression. China has not lost her faith in the League in spite of her repeated failure to bring about some justifiable settlement when some big powers are involved. China always believes that the Japanese invasion of China is not only a Chinese problem; it is rather a world problem; and that what the invaders are doing in China today is not only an "insult" to China alone, but to all Member States of the League, for the Convenant clearly provides: "Any war or threat of war, whether immediately effecting any of the League or not, is hereby declared a matter of concern to the whole League, and the League shall take any action that may be deemed wise and effectual to safeguard the peace of nations..." (Article 11 of the Covenant). China hopes that the present League's failure to cope with Italian aggressiona will prove to be a "blessing in disguise" to her when, instead of sounding the deathknell to her, it marks the "rebirth" of the League when the Almighty Dollar comes to her rescue by stepping into the League Assembly Hall to discuss many problems of the day, such as the economic and military sanctions to oppose, not only the aggressor of the West, but also the aggressor of the East!

Japan's "Mad-Dog" Procedure in North

At present, the situation in the Far East is critical enough to allow no further hesitation and delay of the powers to take definite and dignified actions. The Japanese troops in North China have been greatly increased; the Japanese "smuggling" activities in the North have become more rampant, the name of "Chung Sen Park" in Paoting (in memory of Dr. Sun Yat-sen) has now been changed into "People's Park", due to the Japanese demands. China has now been disgraced to the depth of humiliation. To the Chinese intelligentsia, it is useless for the Government to lodge any more protests; and it is equally useless for the Ministry of Finauce to devise more ways to check the smuggling, for so long as the Japanese militarists are in control of North China, there is absolutely no way to check the smuggling. The only way out for us is, on one hand, to go to war —declared or undeclared—; and on the other, to appeal to the League of Nations for application of Articles 16 and 17. China should make use and take advantage of the world sympathties; and China should follow the Abyssianian example of preparing the slogan "defeated but not disgraced", but not "defeated and disgraced!"

Nanking, May 30, 1936

N.E.C. Will Spend Seven Million Dollars on Water Conservancy

A detailed program for water conservancy during the new 25th fiscal year (July 1, 1936-June 30,1937) was adopted by the National Economic Council and submitted to the Central authorities for approval May 30. The total expenditure for carrying out the program will require $7 millions, being an increase of $1 million over the year now closing. Besides elevating the dykes along the Yangtsze, the Yellow River and the Grand Canal, special attention will be paid to the improvement of the system of farm irrigation in Shensi, Kiangsu, Shantung, Kiangsi, and Anhwei. Irrigation canals, like the Min Sheng Irrigation Canal in Suiyuan, will be dug in each of the above-mentioned provinces, which will be divided into several areas to facilitate engineering work.

That the Central Government be requested to allocate a sum of $200,000 as emergency flood prevention fund forthe Yangtsze provinces this year was decided upon at a conference of conservancy experts representing the provinces concerned held in Nanking, May 27. Fu Ju-lin, chairman of the Commission, presided. Attention of the participating conservancy experts was called by Mr. Fu to the necessity of close co-operation between the five provinces along the Yangtsze in flood prevention work this year.

General Han Fu-chu, Chairman of the Shantung Provincial Government, and Kung Hsiang-yung, Chairman of the Yellow River Conservancy Board, in a telegram to General Chiang Kai-shek, during the week, requested the early remittance of funds for the dredging of the delta of the Yellow River and the straightening of the River basin, in northeastern Shantung.

Earlier reports regarding the reorganization of the North China Water Conservancy Board under the auspices of the Economic Affairs Committee of the Hopei-Chahar Political Council were officially denied at Tientsin this week. At present, as before (since the beginning of 1935,)the North China Water Conservancy Board is still under the control of the National Economic Council, it was pointed out.

Following a torrential down-pour which brought down the mercury from 90 to 65 degrees Fahrenheit May 24 a sudden rise of no less than twenty feet in the Yangtsze River level was noted.

Hailstones some as heavy as 100 pounds fell at Kungchang and Chuanglang in eastern and western Kansu respectively on May 17, causing huge loss of life and property. A cold wave swept across Kansu for several days, the thermometer dropping to 41 degrees Fahrenheit at Lanchow May 25.

Dr. Colbert Attacked in His Office at Night by Wielder of Knife

Dr. John Colbert, who was acquitted by the United States Court for China last week of the charge of attempting to murder his wife by poisoning, was the victim of a murderous attack by a foreigner in his office during the night of May 31. According to the doctor, he was examining his accounts when a foreigner, with his hat lowered to cover his forehead and with a handkerchief covering the lower part of his face, walked into his office and attempted to stab him in the heart with a knife. Dr. Colbert said he partially warded off the blow, after which the intruder pulled out an object from his pocket and struck him on the head, rendering him senseless. He believed he was unconscious for half an hour, after which he telephoned to Mrs. Colbert, who rushed to the office and assisted him home. Subsequently he telephoned for a doctor and to the police.

77-034

New Wood Oil Combine Formed to Help Trade

BY C. C. CHANG*

IN VIEW of the important position held by wood oil in China's foreign trade, the Ministry of Industry has endeavored to improve and standardize the production of this commodity with the co-operation of the principal producing provinces—Szechuen, Hupeh, Hunan, Chekiang and Kwangsi—as well as oil merchants concerned. The efforts in this direction have now culminated in the organization of the China Vegetable Oil Corporation, Ltd., which is, in practice, a new wood oil combine participated in by official and private interests alike.

Approval by Executive Yuan

Early this year, the Ministry appointed a special commissioner to make an investigation tour of all the producing areas in the country and, simultaneously, to negotiate with provincial governments and local oil merchants concerning its plan. Having completed all preliminary steps, the Minister of Industry recommended a set of measures relating to the organization of the wood oil combine at the regular meeting of the Executive Yuan held in Nanking on May 12, 1936, with President Chiang Kai-shek in the chair. Unanimously, the regulations governing the organization of the Corporation and the general plan of the enterprise were approved.

Standardization of Oil

According to the scheme of the combine, it will own refining and storage tanks and tank lighters in Chungking, Wanhsien, Changteh, Changsha, Ichang, Shasi, Laohokow, Shanghai and possibly also Hangchow, Wenchow and Wuchow. In other words, it will build such refining tanks at places where there are none at present, and will rent or take over existing tanks through mutually satisfactory arrangements. The activities of the firm will be confined to refining and storage of wood oil for the merchants concerned. The crude oil to be refined at the firm's tanks will be accepted only when it is found, through a test, to conform to the standards for export. At the beginning, it will have to set up standards for various qualities, but, it is hoped, eventually there will be only one standard quality for all wood oil to be exported from China. After refining, the wood oil will be stored in the tanks of the firm for the merchants, if and when the latter are unable to export the goods at once. Storage receipts will be issued against such goods to the merchants concerned, who will, with the co-operation of banks, be enabled to negotiate such papers. By so doing, many individual merchants who have previously been handicapped by shortage of working capital will be facilitated by the firm's financing system.

Participation by Private Capital

In spite of rumors that the China Vegetable Oil Corporation Limited will constitute a monopoly over the wood oil trade of this country, it is ascertained that the capitalization of the new combine is to be participated in freely by private interests, especially those who are already engaged in the wood oil trade. According to the regulations governing the organization of this firm, as approved by the Executive Yuan on May 12, 1936, the Ministry of Industry guarantees an interest of 6% per annum on all private shares, while under normal conditions the interest payments on government and private shares will be 6% and 8% respectively. The higher rate of interest on private shares is designed, it is learned, to encourage participation by mercantile interests in the undertaking.

No Monopoly Seen

In the interest of standardization of the quality of wood oil and other reforms, the Ministry of Industry will permit no other refineries of a similar nature. However, the new firm entails no monopoly upon the wood oil trade. Instead, all merchants will continue to enjoy perfect freedom in doing their business, as the object of the new scheme is nothing but to improve and standardize the wood oil produced by China, through a more or less centralized organ which will be in a position to vouch for the quality of the product.

Some of the Factors in the Wood Oil Trade

(*a*) *Agricultural*

The small growers do not give attention to cultivation of their trees during the period of growth, and use neither fertilizer nor manure at all.

The growers usually sell forward their seeds at pre-arranged prices. For instance, in 1935 some of the growers in western Hunan sold their crop around $14 per picul of oil (seeds calculated on this price basis), although quotations in Hankow reached as high as $90 per picul.

(*b*) *Manufacturing*

The native wooden presses can extract only about two-thirds of the oil contained in tung seeds, according to estimates by wood oil experts.

The seeds are fried and usually become burned because of the unscientific method employed. The oil from the burned seeds is dark in color and inferior in quality.

(*c*) *Trade*

When oil prices are up, the broker usually requests the exporting firm to cancel their previous agreement and to re-fix the price. The oil hong sells the stock to the highest bidder and not infrequently resorts to adulteration, when price is favorable. As it is difficult to obtain new stock at such time the hong inevitably fails to make delivery to the exporter according to their contract.

The buying hong indulges in the practice of discounting the weight of crude oil offered by producers, on the excuse of heavy residue base. But even more trouble and expense are involved when the goods are delivered to the exporter who repeats the same practice.

Oil merchants in the interior are usually inadequately financed and not in a position to meet the requirements or fill large orders of enterprising foreign buyers and factories.

Following the recent financial reforms in China, native banks and merchants previously interested in exchange speculations have turned their attention to the wood oil business, with the result that speculation is on the increase, particularly in Wanhsien, Szechuen.

These and other factors constitute a serious handicap to the development of the wood oil trade, and steps must be taken without delay to remedy the situation.

Aims of the New Procedure

The present proposal is aimed at the "centralization" of all efforts toward improving and standardizing the wood oil produced by China. All of the business transactions will remain as free as hitherto. In other words, the scope of activities of the proposed combine will be limited to:

Centralization of the refining of wood oil, which is to receive foremost attention, in order that the wood oil production may be systematized. Simultaneously, a "storage certificate" system will be adopted, so as to afford merchants adequate opportunities to obtain financial assistance.

In due course, machine expellers will be introduced, so that the quality of wood oil may be standardized more rigidly. Delivery and quality will be guaranteed.

However, in view of the financial stringency of the merchants in the provinces, it appears impossible for private capital to undertake such a gigantic scheme without the support and assistance of the central and provincial governments concerned. Co-operation of all of the interested parties is absolutely necessary for the smooth working of the plan.

It is further observed that, as in the case with all other industries, the wood oil trade of China is disorganized and without co-ordination. Inasmuch as the proposed oil combine will be in the nature of a national group consisting of both official and private interests, it should be given the privileges of a special charter, so that solidity may be obtained. The fact that merchants are permitted freely to interest themselves in the new project leaves no doubt such special privileges will in no way affect the welfare of merchants. In fact, it will serve to strengthen and ensure the security of their investments.

Outlines of Organization

The salient facts of the regulations governing organization of the China Vegetable Oil Corporation Limited are as follows:—

(*a*) *Scope.*—The chief duty of the refinery is to act as agents for the storage and refining of wood oil and for facilitating its transportation and sale.

(*b*) *Aim.*—The aim of the project is to raise the quality of various kinds of vegetable oil and to unify their standard, to improve the production and trade, and to mitigate the financial difficulties of wood oil merchants. It serves also to guarantee the quality and time of delivery, so as to encourage domestic production on a more regular basis and to maintain good reputation for the Chinese product in foreign markets, thus stimulating the demand abroad.

(*c*) *Organization.*—The organization of this corporation is to be in the nature of a limited liability company, incorporated under the Company Law.

(*d*) *Offices.*—The head office of the corporation is to be located in Shanghai; while branches or factories will be, with approval of the Ministry of Industry, established in Shanghai, Hankow, Changsha, Changtch, Wanhsien, Chungking, Hangchow, Wenchow and or Wuchow, if the business of the firm warrants.

Procedure of Refining and Storage

From the arrival of crude oil at the factories of this corporation to the moment that the goods are shipped for export, five processes will be involved, namely:

1. When crude oil is sent to an assembling center, it is to be admitted to the factories of this corporation after the oil

**The author of this article dealing with the wood oil trade is General Secretary of the Foreign Association of China.*

77-035

is found, through a test, to conform to the prevailing standards for export as proclaimed by the Ministry of Industry. Adulterated oil will be heavily fined or not accepted, while a premium will be offered to the oil of exceptionally good quality in order to encourage growers and producers in the interior, so as to elevate the standard of quality.

2. As soon as the crude oil is admitted into the factories of this corporation, a storage certificate will be issued, bearing remarks showing the quantity of crude oil, the result of test, and estimated quantity of refined oil to be obtained therefrom. The oil merchants may negotiate this certificate with the banks or native banks either directly or through the good offices of the corporation.
3. Upon arrival of the crude oil and issuance of a storage certificate therefor, the corporation will proceed at once to refine the oil.
4. If the merchant is not prepared to ship the oil immediately following refining, the corporation will store the oil in its tanks and will see to it that the goods are properly protected by insurance.
5. Upon receipt of notice by the merchant of the date of shipment, the corporation will load the oil direct from its tanks on steamers by means of pumping pipes. It will also take care of the clearance at customs, insurance and similar other matters, if so desired by the merchants. The corporation will also issue certificates as to the quality and quantity of oil so loaded.

Among the advantages to be derived immediately from the above procedure are that it will stop adulteration and improve the quality of oil. Merchants will be enabled to enjoy the lower rate of interest charged by banks. When wood oil is stored by a centralized organization, statistics or estimates of stock may be taken, thus tending it is hoped, to stabilize the price of wood oil; to refine the oil before storage will prevent it from becoming thick and spoiled due to the sudden change of climate. The loading of oil by pumping pipes direct on steamers will save both trouble and expenses as necessitated in cases where it is contained in drums or paper-lined crates.

Dr. Kung Assures Adequate Reserves Will Be Maintained

An assurance that adequate reserves will be maintained against legal tender note issue and the policy of unlimited purchase of foreign exchange will be continued to strengthen the *fa pi* was made by Dr. H. H. Kung, Minister of Finance, in the course of a broadcast at the Central Broadcasting Station May 26. Dr. Kung said that the significance of the new currency policy is fourfold: centralization of note issue, concentration of currency reserves, preservation of silver holdings, and industrial and business recovery. Since the use of silver dollars is prohibited, all silver reserves are put in the custody of the Currency Reserve Board. Regulations governing the conversion of silver for legal tender notes have been promulgated. In accordance with these regulations silver in circulation has been gradually withdrawn. Meanwhile, the concentration of silver holdings keeps a natural check to the outflow of silver. With the enforcement of the new currency policy the three Government banks may purchase foreign exchange without limitation. Exchange stability is thus maintained. This helps to regulate foreign trade, facilitate the circulation of capital, and pave the way toward economic improvements and prosperity. The time-limit for the exchange of legal tender notes, according to Dr. Kung, was fixed on last February 3 by the Ministry of Finance. But in view of the shortage of legal tender notes in remote parts of the country this had been extended for three months, ending May 3. Upon the expiration of the latter period it was found that due to various reasons there were still large quantities of silver dollars not yet exchanged. Thereupon the Ministry announced that the exchange should be continued until such a time when local conditions warrant its termination.

Measures for the readjustment of the financial system, Dr. Kung proceeded, have, meanwhile, been taken up by the Ministry. The organic law for the Central Bank has been revised, whereby commercial shares have been increased to 60 per cent of its total capital, and all banks, native banks, provincial governments and private individuals are allowed to subscribe to the shares. In this manner, the position of the bank has been considerably strengthened.

Dr. H. H. Kung, Minister of Finance, was the host at a luncheon given in honor of Kwan Chi-yu, the Ministry's Special Commissioner of Finance for Szechuan; Liu Hang-shen, Provincial Commissioner of Finance for Szechuan; Lu Tso-fu, Provincial Commissioner of Reconstruction for Szechuan; and Chu Ching-chou, Provincial Commissioner of Finance for Kansu in Nanking May 30. Messrs. Kwan and Liu were subsequently given instructions concerning the budget estimates of the Szechuan Provincial Government for the new 25th fiscal year (July, 1936-June, 1937), which the Ministry found excessive. Mr. Lu conferred with Dr. Kung regarding the conclusion of a loan for the construction of the Chengtu-Chungking Railway.

Thirty Million Silver Dollars in North China Not to Be Sent to Shanghai

There are 30,000,000 silver dollars in Tientsin and 20,000,000 in Peiping held in the vaults of the Central Bank of China, the Bank of Communications and the Bank of China, according to the *Ta Kung Pao*. With the exception of the Hopei Provincial Bank, the journal adds, all the other banks in the Peiping and Tientsin area have handed over their paper notes to the three Government banks in exchange for legal tender notes. The custody of silver stocks is in the hands of a special committee formed for this purpose. The silver will not be sent to Shanghai, the *Ta Kung Pao* continued, but will be kept in North China as reserves for the further issue of legal tender notes.

Remaining Indebtedness of U.S. Famine Loan to China Is Consolidated

The Export-Import Bank at Washington, May 29 arranged with the Chinese Embassy to consolidate in the bank the remaining indebtedness on the recent cotton and wheat loans by the United States to China, comprising $3,000,000 not paid in the 1931 "famine loan." The amount was previously held with the Grain Stabilization Corporation. The arrangement will also affect $13,000,000 unpaid on the Soong cotton and wheat loans of 1933. The consolidation of the obligations is in conformity with the Government's program for the centralization of all foreign commercial credits in the Export-Import Bank.

Commenting on the U. S. China financial negotiations in Washington (while they were in progress) *Business Week* (N.Y.) April 25 stated:—Though China's condition is unsettled, there would probably be no strong objection in this country to the granting of a credit to China, provided it had to be spent in this country and were backed by silver collateral. Reactions to the negotiations and their implications vary. Japan, naturally, is not pleased with any move which brings China's currency under the influence of a Western power. The Soviet Union is pleased with even this small indication of American support for China.

Secretary of the Treasury Morgenthau, May 27 denied the correctness of the version of the Chen-Morgenthau silver accord published in several New York papers and attributed to Shanghai Japanese circles, which said the silver purchases arranged between the United States and China totalled from 50,000,000 to 100,000,000 ounces and would be extended over ten months, with the United States permitting forty per cent of the purchases to remain in China in custody of American banks.

Hongkong Ships Almost All Silver to Britain

The Colonial Treasury of May 29 shipped silver to London May 29 to a value of is $5,000,000. As a result very little stock remains.

Bank Note Printing Company to Be Organized in Shanghai

In view of the fact that large quantities of legal tender notes are being printed in foreign countries at a high cost, the Ministry of Finance and local bankers are planning to organize a bank note printing company. It is reported that machinery will be bought from foreign countries by the company, as soon as it is organized.

Canton Paper Money Continues to Decline

Cantonese paper currency continued to depreciate this week in terms of Hongkong money. The slump, which commenced immediately after the death of Hu Han-min, was accelerated by alarmist rumors regarding the prospects for co-operation between the Central Government and the Southwestern authorities.

$9,000,000 Silver Collected by Canton in May

A total of $172,090,000 legal tender notes were issued and $83,350,000 worth of silver were collected by the Kwangtung Provincial Bank in the month of April. In May about $10,000,000 legal tender notes were issued and about $9,000,000 worth of silver were collected by the bank.

In accordance with the Government's policy of centralization of note issue and currency reserves the three Government banks have taken over banknotes issued by nine principal banks and their silver holdings, while the Farmers Bank of China is taking over the banknotes and silver holdings of various provincial banks. Steps are also being taken by the ministry to withdraw the old subsidiary coins.

Striking Reduction of Unemployment in U.S. as Result of Improved Business

The ranks of the unemployed in the United States at the end of April totalled 11,506,000, as compared with 12,183,000 in March, it was announced May 29 by Mr. William Green, President of the American Federation of Labor. Some 40,845,000 were employed. The decline, he said, was due to "a striking rise in production and business activity," work being given to 726,000 in April. The gains in employment were largest among farm laborers.

Who's Who in China

Dr. Nellie Lam, woman physician; native of Hsinhui, Kwangtung; born in Vancouver, Canada; returned to China in 1919; attended True Light Girls' Middle School at Canton; after graduation, studied medicine at Hackett Medical College, Canton, where she received her M. D. degree in 1928; residential physician in Marion Barclay Hospital at Kongmoon, Kwangtung, 1928-30; went to America and studied at Columbia Post-Graduate Medical School, New York, 1930; residential physician in Auburn City Hospital, Auburn, N. Y. 1930; residential physician in Women's Medical College Hospital of Philadelphia, January, 1932; assistant physician in Bergen Pine County Hospital, Ridgewood, N. J., July, 1932; returned to China, January, 1933; professor and head of the Gynecology and Obstetrics Department at Kwong Wah Medical College Hospital, Canton, 1933-34; visiting physician at Isabella Fisher Hospital, Tientsin, 1934-35; at present, visiting physician at the Municipal Hospital, Nanking and also engaged in private practice: address: 59 Yu Fu Shih Chieh, Nanking,

林美英
Dr. Nellie Lam (Lin Mei-ying)

林美英，廣東新會人，生於加拿大雲高華，民國八年回國，入廣州眞光女子中學肄業，畢業後轉入廣州夏葛醫科大學習醫，於民國十七年畢業，畢業後曾任廣東江門仁濟醫院產婦兒科醫生，十九年赴美留學，入紐約哥崙比亞大學醫科研究院肄業，畢業後歷任紐約省奧本市醫院產婦科醫生，費城女子醫科大學醫院產婦科醫生，紐這士省醫院內外各科醫生，廿二年春回國，歷任廣州光華醫學院產婦科主任兼教授，天津婦嬰醫院內外各科醫生，現任南京市立醫院產婦科醫生，醫寓，南京遊府西街五十九號。

R.T.P. Privileges for Domestic Service—Press Messages Receive Preferred Treatment

With the two-fold objective of expanding its telegraphic business and ensuring greater convenience to the public, the Ministry of Communications extended "Receiver-to-Pay" service to ordinary messages within China beginning June 1. It is stipulated that the sender or receiver is required to deposit a specified fund with the telegraph office together with application forms. Various regulations which are applied to commercial message are not imposed on press messages.

German "Ufa" Company Granted Permission to Make Nature Films in China

Permission has been granted to the German "Ufa" Film Company by the National Government for the taking of a series of nature films of the country's landscapes, historic spots and landmarks as well as structures, ancient and new, of historic or cultural interest.

Following a joint meeting of representatives of the Ministry of Interior and the Cinema Section of Central Party Headquarters, it has been agreed to grant the request on condition that the Ministry should appoint a deputy to supervise the taking of the films.

It is understood that the "Ufa" Company will despatch a party of over 20 film photographers from Berlin at the end of this month. Arriving in Shanghai at the beginning of July, they expect to spend about six months in the country.

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CUSTOMS NOTIFICATION NO. 1517.

The public is hereby notified that in accordance with Government instructions shipments abroad and coastwise of iron ore must, from the 1st July, 1936, be covered by a special permit (鐵砂出口許可證), issued in the name of the Shih-yeh Pu, before release is granted by the Customs.

H. O. Tong,
Superintendent of Customs.

Paul Barentzen,
Commissioner of Customs.

Shanghai, 80th May, 1936
CUSTOM HOUSE,

SEND THESE PAMPHLETS TO YOUR
FRIENDS ABROAD

Japan's Violation of the Nine-Power Treaty, an address delivered in the United States Senate by Senator Key Pittman, Chairman of the Foreign Relations Committee. This 30-page pamphlet in the English and Chinese languages also contains a discussion of Japan's enunciation of an Asiatic Monroe Doctrine by Dr. Ching-Chun Wang, long experienced in Manchurian politics, who is now Chairman of the Chinese Purchasing Commission in England.
Price ..... $1.

Japan's Program in North China, an exposition of the Imperial Army's view, written by Gen. Hayao Tada, Commander of the Japanese forces at Tientsin. This declaration which aroused world interest constitutes the best explanation of Japan's attitude in fostering an "autonomy" movement in the five Chinese provinces, Hopei, Shantung, Shansi, Chahar and Suiyuan.
Price 40c

China and the European Situation, an exposition of the new situation which has developed as a result of the Italo-British-Ethyopian Crisis, written by a well-known authority, Dr. Thomas F. Millard who recently returned from an extended trip to Europe and U. S. A.
Price 15c

Why the United States Maintains its Full Naval Strength in the Pacific, an explanation of the developments since 1931 which have made it necessary for America to keep its full naval strength in Pacific waters.
Price 15c

American Diplomacy and American Marines in China, a discussion of the muddled state of U. S. diplomacy in the Far East resulting from the passage of recent Neutrality Legislation in Congress.
Price 20c

All five pamphlets, reprinted from recent issues of **The Review,** will be mailed to readers for $1.60 Send stamps if more convenient.

China Weekly Review
160 Avenue Edward VII,
Shanghai.

Men and Events

The Tientsin-Tokyo direct radio service was formally opened in a brief ceremony at Tientsin, June 1.

Harilal Gandhi, eldest son of Mahatina Gandhi, has become a Moslem. He is changing his name to Abdulla Gandhi.

Sir Hugh Stevenson, former British Governor of Burma, and Lady Stevenson, passed through Shanghai and Peiping this week on their way to England via Siberia.

Pan Yi-min, newly appointed manager of the Chungking branch of the Central Bank of China, assumed his duties in the river port end of last week.

H. J. Timperley, correspondent for the *Manchester Guardian* and advisory editor of *Asia* magazine, is spending a week in Nanking. He is expected back in Shanghai within a few days.

The Rev. Philip Castilla Matthews, former Headmaster of Harrow, has been selected for appointment as Headmaster of the Cathedral School for Boys, Shanghai. He will sail from England in the autumn.

A memorial service for Mrs. Isadore Kloss Fitch, wife of former President Robert F. Fitch of Hangchow Christian College, was held on June 2 in the Tooker Memorial Chapel on the College campus.

The Ministry of Communications has ordered the Directorate-General of Posts to establish additional post offices or postal agencies in Hsikang, Tibet and Yunnan, in order to foster communication with the frontier regions.

Dr. Lo Lung-chi, editorial writer of the Tientsin *Yi Shih Pao*, recently stated that there are 500,000 copies of newspapers published in China each day. This means that there is only one newspaper printed for every 900 persons.

A Mandate was issued at Nanking May 26 designating July 1 as the date for the commencement of operation of Simplified Life Insurance business by the Post Offices in the Fukien and Kwantgung Postal Areas.

The death occurred May 25 of Francis Wiley Gill, professor at St. John's University after a long illness, at the age of 57. He came to China in 1916 and first taught at the American School in Shanghai.

Miss Claudia Cranston, traveling editor of "Good Housekeeping," magazine, who left New York early in February on a world tour, arrived in Shanghai this week, She is stopping at the Cathay Hotel.

The Joint Committee of Shanghai Women's Organizations give a luncheon party at the American Women's Club June 4 in honor of Mrs. Edwin G. Nourse, a member of the American Association of University Women's National Committee on Legislation in the United States.

Jen Hung-chun (H. C. Zen), President of the National Szechuan University, visited Nanking this week. He conferred with Yuan Tung-li, Director of the National Peiping Library, concerning plans for construction of a library building for the Szechuan University.

The remains of the late Shih Liang-tsai, millionaire proprietor and publisher of the *Shun Pao*, who was assassinated in 1934, were buried at Timashan, near the West Lake, Hangchow, May 31. More than 50 representatives of the various departments of the *Shun Pao* were present at the obsequies.

O. N. Kringe was brought up at the Danish Consular Court this week, after having allegedly driven a car on Avenue Haig early in the morning of June 2, when a motor car struck a mounted Sikh police officer. The pony was killed and the Sikh is lying in hospital in a dangerous condition.

Eugene E. Barnett, Associate General Secretary of the National Committee Y. M. C. A. is planning to depart next week on a trip to the United States. His address while at home will be in care of the International Committee, 347 Madison Avenue, N. Y.

David Fraser, correspondent for the *London Times* for more than a quarter of a century, most of which time he has spent in China, returned to Shanghai this week after an absence of a year, mostly spent in reporting the campaign in Ethiopia. As a personal friend of Count Ciano, he was given special consideration as a correspondent attached to the Italian Army.

The annual meeting of Millington Ltd., one of the principal foreign printing establishments in Shanghai, was held May 28, N. W. Hickling presiding. A profit of $9,596.70 was reported for the year. An outstanding feature of the accounts as presented to the meeting was that the amount in the balance sheet under "current debtors" stands at $170,462.03.

Hao Nan Kwei, authoress of "Love and Duty," "Double Chains," "She and He," lectured on "Literature as a Political Factor" at the Shanghai W.C.T.U. headquarters June 1. She was also the guest of honor at a tea reception given by Mrs. Herman C. E. Liu in the Chinese Women's Exchange opposite the Headquarter's address.

Li Hao-zeu, editor-in-chief of the Shanghai *Sin Wen Pao*, was fined held $15 and sentenced to five days' detention by the First District Court last week for publishing advertisements that were held to be prejudicial to public morals. The paper had published advertisements of sex books being sold by a bookshop in Foochow road and illustrated them with pictures of nude women.

A Chinese named Li Fu-chung, resident of Crefeld, Germany, was recently sentenced to three months in prison in said city and a fine of Marks 2,000 for an attempt to smuggle currency out of Germany. Li Fu-chung was caught near the Netherlands border; a sum of Marks 500 was found hidden in a cake of soap he carried with him.

Chinese reporters in Peiping have decided to organize an association for the purpose of promoting fellowship and protecting their common interests. More than 30 journalists have signified their willingness to join. Kwan Yi-hsien was elected president of the Association, with Chin Ta-chih and Shen Pao-tang as vice-presidents at a meeting held May 25. Mr. Kwan is proprietor of the Peiping *Shih Pao*.

Recent reports from Washington stated that the Dollar Steamship Co. is negotiating for the sale of two of its ships (one of them the *President Grant*) to the Government-owned Panama Railway, which operates two cargo and passenger vessels between the Panama Canal Zone and New York. It was stated that the Dollar Co. is asking $2,000,000 for the *Grant*. It was purchased from the United States Shipping Board in 1926 for $900,000.

Speaking on "The Intellectual Situation in Modern China" before a recent meeting of the Warsaw Society of Science and Letters, Dr. Chang Hsu-hai, Minister to Poland, pointed out that Chinese and Europeon civilizations developed independently of one another, with the Chinese culture the dominant one for many centuries. Both civilizations will continue to become the richer for contact with each other, he added, and a higher unity of the two may ultimately prevail.

A libel suit brought against the *Shanghai Zaria*, Russian daily newspaper in Shanghai, was dismissed by the Second Special District Court May 25. The defence was that wrong information concerning a merchant named Schnedman had been published, but that it was not libellous. It was brought out that the reporter on the *Zaria* had got the wrong information from a reporter on a competing Russian paper, the *Slovo*, and the result is that the *Zaria* reporter, named Aliabyev, filed a complaint in the same Court against the *Slovo* reporter, named Poderevsky.

Dr. Y. S. Han of St John's University made an address opening the Shanghai Art Clubs exhibition May 29. The exhibition will continue until June 8. It contains portraits, Ch'ing Dynasty portraits and landscape paintings in the Ming and Sung style executed by Miss Yang Ling-fu, as well as paintings from Dr. Han's own collection. Speaking on "The Philosophical Backgrouud of Chinese Painting," Dr. Han, among other things, told his audience that nature, which is the common source of all art, is treated idealistically by Chinese painters.

News was received in Shanghai this week that Dr. A. Dillenz, a professor of German at Honan University in Kaifeng, had been murdered on the night of May 30. The Chinese telegrams gave the name of the murdered person as Ti Lung-chih, which it was later discovered is the name of this young German professor, who had been sent to the Honan University as an exchange professor by the Sino-German Cultural Association. His dead body was found in the morning at the northeastern corner of the city of Kaifeng, where the Iron Pagoda is located. Dr. Dillenz came from the University of Munich and arrived in China with his wife last November.

David Croll, official guardian of the Dionne quintuplets on behalf of the Ontario government, stated recently that a new film contract concluded for the youngsters with Twentieth Century-Fox Films would increase their annual income to $200,000 a year. The proceeds will be used to support the entire Dionne family, he said. The total capital of the quintuplets' estate is now about U.S.$500,000. A writer in the current issue of *Atlantic Monthly* states that the destruction of the Library of Congress at Washington or of the British Museum in London would not cause as much genuine dismay throughout the world as the death of one of the quintuplets.

A garden party was given May 29 by Madame Chiang Kai-shek, who is Chief Director of the Women's Guidance Committee of the General Assocition for Promotion of the New Life Movement, at the First Public Park, in Nanking. More than 200 women leaders at the Capital were present. An address on the significance of the New Life Movement was delivered by Madame Chiang. Pointing out that the foundation of the Chinese nation is based on the family, she said that enforcement of the New Life Movement should therefore commence in the family and extend gradually to society in general She hoped that the women leaders in the Capital would cooperate in the promotion of the movement.

77-038

James A. Mills, A. P. Correspondent, Given Honorable Mention by Pulitzer Committee

The awards for the annual Pulitzer Prize in Letters and Journalism were announced by Dr. Nicholas Murrry Butler, president of Columbia University, at the May dinner of the Columbia School of Journalism at the Hotel Commodore in New York. Among those who received honorable mention in the category of distinguished correspondence was James A. Mills of the *Associated Press* "for his story in regard to leasing of Ethiopian oil concession to the Standard Oil Company" Mr. Mills recently returned to Shanghai from Ethiopia to resume his work for the *A.P.* in China.

Americans Make Annual Pilgrimage to Ward's Tomb—Memorial Day Celebrated

A group of about one hundred Americans, a large proportion of them being members of the American Legion, proceeded to Sungkiang June 1, to make the annual pilgrimage to the tomb of General Frederick Townsend Ward, who organized an army to defeat the Taipings in 1860. The principal address was made by Consul General C. E. Gauss, after an introduction by the American Legion Commander F. D. Mortimer. A new wall has been built around the tomb and same was dedicated at the ceremony. The group was later entertained at a picnic lunch by Colonel Chang, Commandant of the Cadet School of the Salt Administration in Sungkiang.

Memorial Day Service in Shanghai

The annual Memorial Day services were held at the Bubbling Well Cemetery in Shanghai May 30. Consul General C. E. Gauss acted as master of ceremonies. Dr. F. L. Hawks-Pott opened the service with an invocation. J. B. Powell delivered an address, in which he explained how the observance of Memorial Day grew out of the Civil War. Dr. E. W. Luccock pronounced the benediction.

Exhibition Opens at Nanking of Chinese Art Treasures

An exhibition of the Chinese art treasures, which has won a world-wide admiration during the recent display at London, was formally opened at the Examination Yuan, in Nanking June 1. Besides the units recently brought back from England, 1,022 articles more of ancient art objects including bronze, porcelain, jade, caligraphy and painting, have been put on display. The exhibition will continue for three weeks.

With President Lin Sen, Generalissimo and Madame Chiang Kai-shek among the first arrivals, over 1,000 high government officials, foreign diplomats and specially invited guests attended the preview of the Chinese Art Treasures Exhibition at the Mingchih Hall of the Examination Yuan the previous day.

The budget and plans of the National Peiping Palace Museum (*Kuo-Li Ku-Kung Po-Wu Yuan*) for the new 25th fiscal year (July, 1936-June, 1937) and a report on the Chinese Art Exhibition at London were adopted at a meeting of the Board of Directors of the Museum in Nanking May 30.

Hankow Fetes Commander of British Warship Which Carried Art Treasures

The British warship *Dauntless*, which escorted the s.s. *Ranpura* back to China from London with the Chinese art treasures, arrived in Hankow May 30. On behalf of Gen. Chang Chun, Minister of Foreign Affairs, and Dr. Wang Shih-chieh, Minister of Education, the Mayor of Hankow Wu Kuo-chen was host at a dinner reception in honor of the commander of the British gunboat, in the evening of May 31.

The reception was given as a token of appreciation and thanks for the excellent work the British gunboat did in escorting the treasures to and back from London.

How Do You Meet Opportunities?

Opportunities knock but once at most men's doors. Whether you seize them or miss them depends largely upon your personal fitness and appearance. The 'fit' man is the man who always keeps in good physical condition. He does not allow constipation to dull his brain, to reduce his activity, to impair his good temper, to make him look gross, pimply and unhealthy.

To correct constipation, liverishness, biliousness, sick headache, take a little dose of Pinkettes tonight when going to bed, and repeat for another couple of nights if necessary. After that judicious exercise and diet, and the drinking of two or three glasses of fresh, pure water daily, should keep you regular and well.

Pinkettes are obtainable from all medicine dealers.

CUSTOMS NOTIFICATION NO. 1519
CONVEYANCE OF FOREIGN GOODS BY RAIL

The public are hereby notified that, in accordance with the instructions of the Chinese Government, and with reference to Notification No. 1 issued by the Commissioner in Charge of Customs Inspection Posts on the Railways, the following provisional procedure will be enforced as from 3rd June, 1936.

Foreign goods conveyed by rail are required to be covered by a Customs Import Duty Proof which will be issued by the Customs free of charge. In order to obtain this Proof those desiring to ship foreign goods by rail should, not later than one day prior to the despatch of the goods, proceed to the Custom House with the original covering documents showing Import duty to have been paid, and fill in an application for the issue of the Customs Import Duty Proof. The application forms will be supplied free of charge by the Customs. The original importation will thereupon be traced and if found in order a Customs Import Duty Proof will be issued and handed to the shipper who will take this document to the Customs Officer on duty at the Shanghai Railway Stations, or Wusih Station for verification with the goods. If the shipment is in order the Customs officer will endorse and seal the Duty Proof and return it to the shipper who will then present it together with the Railway "Consignor's Note" to the Railway authorities.

In the event that the Customs Import Duty Proof duly endorsed and sealed is not produced the Railway authorities will refuse shipment of the cargo; and if for any reason foreign goods which are not covered by the Customs Import Duty Proof are shipped at a station they will be seized by the Customs at destination.

For the time being, the foreign goods for which Customs Import Duty Proofs are required, will be confined to those enumerated in the appended list, which however is liable to modification at any time.

H. O. Tong,
Superintendent of Customs.

Paul Barentzen,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 2nd June, 1936.

應呈驗海關完稅憑證之路運洋貨一覽表
List of Foreign Goods for which Customs Import Duty Proofs are required when transported by Rail.

人造絲	Artificial silk yarn
酒精	Alcohol
含有酒精之酒類及飲料	Alcoholic liquors and beverages, *i.e.*,
畏士忌酒	Whisky
白蘭地酒	Brandy
香檳酒	Champagne
杜松燒酒	Gin
日本清酒	Sake
各種甜酒	All liqueurs
安尼林染料	Aniline dyes
乾電池	Batteries, dry
橡皮製靴	Boots, rubber
罐裝食品	Canned foodstuffs
紙煙紙	Cigarette paper
江瑤柱(干貝)	Compoy
脂粉及香水	Cosmetics and Perfumery
電氣材料	Electrical materials
針	Needles
煤油	Oil, kerosene
柴油	Oil, fuel
各種正頭	Piece goods of all kinds
橡皮輪胎	Rubber tyres
橡皮製鞋	Shoes, rubber
各種乾海產品	Sea products dried of all descriptions
燒碱	Soda, caustic
糖品	Sugar

New Books of Interest in the Far East

National Policy Association Writers Discuss Vital Questions

Dictatorship. Headline Book Number 3. *Ryllis Alexander Goslin, Editor, N. Y. The Foreign Policy Association*, 1936. 39 *pages.* $0.25 *Gold.*

The Dangerous Year. By Raymond Leslie Buell. N. Y. Foreign Policy Pamphlet, March, 1936. 80 *pages.* $0.35 *Gold.*

These pamphlets show the two types of material coming from the Foreign Policy Association, a non-profit American organization founded "to carry on research and educational activities to aid in the understanding and constructive development of American foreign policy." The first, Dictatorship, is an example of their new popular education venture, Headline Books, brief booklets providing a balanced background on presentday controversial topics. These publications are popularized by devices such as pictorial maps and statistics, photographs and cartoons. But this is not to imply cheap or prejudiced presentation of the topics, for the books are prepared with the cooperation of the Association's Research Staff. To facilitate its use for discussion groups, each book has study helps in the form of a bibliography for supplementary reading, discussion plans and objective tests. Although the orientation of the books is distinctly American, many of the subjects are equally interesting for readers of other nationalities, as for example he booklet under review, Dictatorship.

In Dictatorship an attempt is made to answer some of the basic questions regarding this form of government: Is dicatatorship the best form for the new age? Does it solve a nation's economic and political problems? What are its methods and where does it lead? These questions are practically answered by a discussion of the three most important dictatorships—Russia, Italy and Germany. There is a clear analysis of the means used by the fascists and the communists to achieve their different ends. The conclusion reached is that dictatorship is attended by willingness to sacrifice the rights of life and liberty in the belief that happiness can be obtained in other ways. Vast changes are going on in the world —and if the needs of a nation are not met under democracy then dictatorship is ineviatble.

The Dangerous Year, by Buell, is one of the regular Foreign Books, and presupposes in the reader a wider background. Short though it is, Dr. Buell has given in this booklet a brilliant resume of existing relations (both treaty relations and psychological) between the European countries, and shows the centers of danger which exist. Long before it arrived, the year 1935 was looked forward to as a critical year. In a prophetic address delivered in 1927 Mussolini announced that "When between 1935 and 1940 we shall find ourselves at a point which I should call a crucial point in European history, we shall be in a position to make our voice felt and to see at last our rights recognized." In 1935 the new recruits to the French army were at their lowest owing to the decline of the birth rate during the world war. Germany chose 1935 to announce the strengthening of her army in violation of the Versailles Treaty. In the same year Japan's actions in the Far East assumed larger proportions.

This pamphlet is an excellent illustration of the type of material available in the weekly reports of the Association which reach the subscriber. Reports in the daily papers are given background and significance by the interpretation which can be presented by the specialists on the Research staff.

F. M. R.

Romance in Old California

Romance and History of California Ranchos, by Myrtle Garrison. Harr, Wagner Publishing Company, San Francisco, 1935. 206 *pages. Illustrated.*

That there was a great deal of romance in the old California days when the huge ranchos and their interesting life dominated the scene is to be granted. This book shows the stage but gives merely a few hints of romance. For a history of stirring times and glamorous characters it is about as dry as even the dustiest bookworm could find. Page after page is taken up with lists of ranchos, the families who lived on them and a few facts as to intermarriages among the leading families of the state.

The illustrations could have been much more attractive and there is not a single sketch-map to show even approximate locations of any of the important ranchos. In some chapters hints are given of the gay Spanish life, but the whole air of the book is the exposition of historical fact. Handled in a happier manner these same facts would have become alluring. As it is, we feel the word "Romance" should have been left out of the title.

G. B. S.

Princess Der Ling's New Book

Son of Heaven, by Princess Der Ling. D. Appleton-Century Co., Inc.

In "Son of Heaven," Princess Der Ling gives us an intimate, personal story of the Emperor Kwang Hsu, who gave promise of being one of China's most enlightened rulers until he incurred the suspicion and hatred of the Empress Dowager, Tzu Hsi, and was consigned by her to ignominy and oblivion.

The author's picture of the ill-fated monarch is painted with such an obviously sympathetic touch that she is able more or less convincingly to whitewash what might have appeared serious shortcomings in the character of Kwang Hsu if depicted by a more critical biographer.

Kwang Hsu is pictured as a benevolent sovereign destined to an ill-starred rule under the tyranical patronage of an all-powerful Empress Dowager aunt who became his adopted mother that he might succeed to the throne which had been reserved for her son who died in youth. Hemmed in by tradition, balked by the influence of corrupt Eunich favorites and ever under the watchful eye of "Old Buddha" (the Empress Dowager), the young Emperor had little opportunity to alter the course of Chinese history. When, following China's disastrous defeat at the hands of Japan, Kwang Hsu attempted to modernize his country almost overnight by a series of drastic reforms, he was betrayed into the hands of the Empress Dowager by the perfidy of Yuan Shah-kai. Kwang Hsu was bereft of authority and the Old Buddha again assumed the reigns of government. And Kwang Hsu was fated to live out the remainder of his life a virtual prisoner, separated from the only object of his affection, his Pearl Concubine.

The author offsets Kwang Hsu's cruel treatment of his Empress, whom according to Chinese tradition he was bound to love and cherish inasmuch as she was selected by his adopted mother, the Empress Dowager, by emphasizing the Emperor's faithful and undivided affection for his Pearl Concubine. This deep love for the Pearl Concubine accentuated the tragedy of the young Emperor's forced renunciation of his imperial power for when he was deprived of his throne he was also deprived of the society of the only woman whom he ever loved.

The book ends with the death of Kwang Hsu, poisoned by the Empress Dowager's favorite eunich, Li Lien Ying, also murderer of the Pearl Concubine. This crime, however, is not laid at the door of the Old Buddha. The author leaves us with the convication that Kwang Hsu might have done much to alleviate if not to have prevented the disastrous Boxer Uprising had he been permitted to continue his reign without interference from the powerful woman whose whim it was to set aside imperial precedent to place him on the Dragon Throne, and eventually to strip him of all of his imperial prerogatives when he attempted to rule according to his own convictions.

V. K.

The Dangers of Dieting

Diet and Die, by Carl Malmberg. New York, Hillman-Curl, Inc. 1935. 149 pages, index. $1.50 Gold.

In a recent American essay it was said "the Medical Profession is in urgent need of a King James who can persuade the diet doctors to unite on an Authorized Diet for the good of the country." The subject of diet has been for some time one of the most satisfying of topics for after-dinner conversation, due to the diversity of opinion which is nevertheless held together by the belief that one's own particular diet is a cure for all diseases to which man is heir.

On the theory that "No single subject, with the probable exception of religion, has had grow up about it a larger body of error, misinformation and plain buncombe than has the subject of diet," the author of this book has analyzed the popular diets to make their inconsistencies and dangers clear to the average reader. The "Hay Diet," vegetarianism, the Hollywood Eighteen Day Diet, the Hauser and Salisbury systems and countless others have come in for their scourgings.

The chapter which discusses "sure obesity cures" shows how dangerous are the dietary ingredients sometimes used. Government regulation of patent medicines in the United States is far behind that in Great Britain and other European countries. However it is possible to get reliable information from the Bureau of Investigation of the American Medical Association, Chicago, Illinois. Certainly no diet or "remedy" is universally good, and this book shows what must be a self-evident truth: a diet that is healthy and an effective cure for one person may be a sure road to ruined health and nervous breakdown for another.

F. M. R.

English Text of Draft Constitution for China Published in Brochure Form

Information Bulletin Vol. 1 No. 1 (May 11, 1936) published by the Council of International Affairs at Nanking, contains the translated text into English of the Draft Constitution of China. Explanatory notes by Sun Fo, President of the Legislative Yuan, are contained in the brochure, which sells for ten cents Chinese currency.

Three Hollywood Films Have Far Eastern Background

Richard Watts, Jr., drama and screen critic of the *New York Herald-Tribune*, arrived in Shanghai recently on an assignment for his newspaper. He mentioned in an interview that three important films with a Far Eastern background are now being filmed in Hollywood:—Clifford Odets' "The General Died at Dawn," Pearl Buck's "The Good Earth" and "Lost Horizons" with a Tibetan setting, in which Ronald Colman appears. Mr. Watts commented concerning "Lady Precious Stream," that it was a fair success in New York but the difficulty was that Miss Mei-mei Sze, daughter of the Chinese ambassador, played so well as interpolator for the settings and action that the rest of the cast, which was Occidental, seemed fraudulent by contrast.

Mrs. Herman C. E. Liu Publishes New Book "Tempest of Life"

"Tempest of Life" (Sun Min Dih Poo Tao) is the title of the fifth book (just published) by Mrs. Herman C. E. Liu, wife of the President of the University of Shanghai, General Secretary of the W. C. T. U. of China.

The heroine of the novel, a young woman named Moo Ren, runs away from her home in Canton the night before she was to be married. With this as a start an exciting narrative is unfolded.

Literary Notes

The May issue of the *Chinese Economic Journal*, published by the Bureau of Foreign Trade, 1040 North Soochow Road, Shanghai, contains an article on China's Foreign Trade for the second half of the year 1935, by P. W. Kuo, in addition to numerous other articles on general Chinese trade topics.

The Pan-Pacific Association of Shanghai has just issued a brochure containing a list of its officers and committees, a roster of the Association; also the Constitution and bye-laws. Of the total membership of 297, 84 are Chinese, 83 Americans, 51 British, 12 German, 12 Japanese, 12 Russian, and 11 French, with smaller numbers from various other nationalities.

Mildred S. Wertheimer, after returning to the United States from a three months' visit to Europe, wrote in a recent issue of the *Foreign Policy Bulletin*, that the most striking impression gained is that the very nature of the Hitler regime is such as to make further *faits accomplis* inevitable.

Filipino Detained in California Murder Charge

P. Pacren, 40-year old Filipino, was arrested in Stockton, Cal., May 27 on a murder charge following a shooting affray, the outgrowth of a wage dispute. Two brothers, Isabello and Jose Raquino, Filipino labor contractors, were killed, and another contractor named Rodrigo was wounded.

Heavy Damages Awarded Victim of Filipino

Miss Norma Kompisch, 22-year-old nurse, was awarded $22,000 damages in San Francisco May 27—$1,000 for each of 22 knife wounds—against Terry Santiago, Filipino, a former elevator operator. The award was made by Judge Elmer E. Robinson in the Superior Court. However the Filipino is found to be without funds. Criminal proceedings are also being brought against him

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Pamphlets of interest in China bearing the subjects of "Tibet under The Dalai Lama," "The New Life Movement," "Confucius and Present-Day China," "The Buddhist Cave Temples at Yun-Kang," "Guide to Peking," etc., etc., are on sale at:

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2, Mei Cha Hutung, Peiping, China

Teleg. Address: "Chronicle"

77-041

Wheat Improvement Work Around Nanking

BY D. Y. LIN (凌道揚)

No sooner had the flood relief work of 1931 been terminated, than the Ningshu Agricultural Relief Association (寧屬農業救濟協會) started among other things a wheat improvement project in order to carry out more vigorously the program of rural rehabilitation for the farmers in and around Nanking. The purpose of the project was to extend the cultivation of a variety of improved seed wheat called No. 26 which the Agricultural Department of Nanking University (金陵大學) had developed and adapted for the region. In the fall of 1932, all the preparations for the carrying out of the project were completed, and as many as 248 rural families in Ying Hsiang (殷巷), Kiangning hsien (江寧縣) were organized for the work. For the cultivation of 1,147 mow (畝) of land selected for planting, as much as 6,883 catties (斤) of this improved No. 26 seed was brought and distributed, on loan basis, to the participating families. The experiment was most encouraging. The result was a great success. It was estimated that the farmers using this improved variety had actually increased their wheat production by more than 15%.

This Association is a local philanthropic organization that has been doing much rural relief work in recent years. Mr. Lin, the writer of this article is the Executive Director of the Association.

Ordinarily a mow of land yields about 150 catties of wheat or, according to present Nanking price, about $6.00. An increase of 15% or more, therefore, means an additional yield of about a dollar per mow. For a rural family with 20 mow which is the size of the average holding per family in this vicinity, an additional income of 20 dollars means a lot, and would certainly take care of the entire family clothing for one year.

In 1933, this wheat improvement work was extended. The number of families organized to participate in the work was increased to 1,426, and over 43,060 catties of the No. 26 seed wheat were distributed to them for the cultivation of a total area of 7,201 mow of land scattered in as many as 101 villages, and the result was equally encouraging.

During the 3rd year, that is 1934, the farmers were so eager to secure such improved seed wheat from the field offices of the Association, and the work became so popular and extended, that it was necessary for the Association not only to continue the co-operation of the Nanking University but also to enlist the support of other local institutions interested in rural work. So in the fall of 1934, a society, known as the Ningshu Crop Improvement Society (寧屬作物改良指導委員會), was organized, having as its charter members, the Ningshu Agricultural Relief Association, the Central Africultural Extension Commission, the Nanking University, and the Bank of China. It was agreed at the first meeting of the members of the Society that the Ningshu Agricultural Relief Association and the Central Agricultural Extension Commission should be responsible for the directing and organizing of the crop improvement societies among the participating farmers; the Nanking University to look after the technical part of the field work, and the Bank of China to provide the necessary funds for the carrying out of the entire project. As a result of this arrangement, 677 of the selected farmers were organized to participate in the work; 65,570 catties of not only the No. 26 but also the No. 2905, which is an even better variety of improved wheat, were distributed to these farmers; 8,826 mow were planted; and for financing the entire work the Bank of China provided altogether $4,000.00, for the repayment of which the Ningshu Agricultural Relief Association was held responsible. The program was carried out according to schedule, and had it not been for the rather severe local drought in the spring of 1935, the result would have been more satisfactory.

Encouraged by the splendid results of the previous years and fully convinced that the cultivation of such improved varieties of seed wheat should be vigorously extended for the sake of the struggling farmers in Ningshu, the Society decided to repeat the same co-operative arrangement in the fall of 1935, to draw up a larger plan, and to extend chiefly the No. 2905 variety, which some of the farmers testified, yielded upwards of 40% more than seed ordinarily used hitherto. So a program was drawn up, specifying the duties of each member of the Society, and it was carried out accordingly. The work consisted of the following:

1. The organizing of 99 crop improvement co-operative societies with a total membership of 2,018 farmers;
2. The distribution of 146,799 catties of principally the No. 2905 seed wheat to these 2,018 farmers through such co-operative societies;
3. The preparation of 18,571 mow of land selected for planting;
4. The providing of $25,985 required for financing the entire project.

The work was successfully carried out. At the time of writing, all the participating farmers have repaid their loans in full. According to field reports the harvest within the next 2 or 3 weeks will be excellent, due no doubt to abundant snow and rainfall in the months of February and March, 1936. It is estimated that out of the total area of 18,571 mow planted, at least 10,000 piculs or 1,000,000 catties of the very best seed of the No. 2905 variety could be selected from only the farms located near the 3 distributing centers—Tangshan (湯山), Shun Hua (淳化) and Ying Hsiang (殷巷), which the Society has established.

But the carrying out of a project involving 1,000,000 catties of seed to be seleeted and collected from 100 odd villages scattered within two large hsien—Chuyung (句容) and Kiangning (江寧) is no easy task. There must be enough technical men to supervise and to guide the grading and selecting on the field. The participating farmers must be co-operatively organized. There must be sufficient money with which to buy the selected seed from these farmers, and to store it until fall. The participating farmers must be given sufficient loans in order to ensure their co-operation at harvest time, in the coming fall and in the spring of 1937.

Since however this Society intends to extend in the Ningshu area, only 300,000 catties of improved seed this fall, and since there is a surplus of 700,000 catties that could be well used for extension in other parts of China, it was decided at a recent meeting of the Directors of the Society to enlist the co-operation of the newly established National Rice and Wheat Improvement Bureau, and to adopt a tentative program with the following recommendations:

1. That these 1,000,000 catties of seed be distributed through at least 12 centers to be located not only in Chuyung and Kiangning hsien but also in Lishui (溧水), Kiangpu (江浦) and other places.
2. That approximately 150,000 mow be selected for planting this vast quantity of seed.
3. That the Bank of China be asked to provide about $150,000 to be used as loans to the participating farmers, and that these loans be distributed through the co-operative societies to be organized.
4. That the National Rice and Wheat Improvement Bureau be asked to provide for additional overhead expenses and to take care of the surplus which the Society intends to distribute to other parts of China.

The preparations for carrying out this tentative program are practically complete. It is hoped that within a few years not only the entire territory around Nanking but also other parts of the country will be planted entirely with this improved variety of seed No. 2905, which, as has been brought out, yields upwards of 40% more than the common varieties.

Nanking

May 30, 1936.

N. F. Allman Translates Revised Chinese Trademark Law Regulations

N. F. Allman, member of the American bar, has just completed his translation of the Revised Chinese Trade Mark Law Regulations and Classification of Merchandise. It contains a total of 37 articles, and Mr. Allman's translation goes side by side with the Chinese text of the law for the convenience of comparison.

The revised regulations were promulgated by the Chinese National Government on November 23, 1935. This law, however, did not contain any provision as to when it would be enforced and it remained uncertain for some time after its promulgation as to when it would be enforced. Pending the promulgation of new detailed regulations by the Ministry of Industry for the execution of this Revised Trade Mark Law, the 1930 Regulations as revised in 1932 are still in force. These regulations had also been translated into English by Mr. Allman.

Many a woman asks herself this question at those times when the burdens which are peculiar to her sex tax her endurance almost to the limits of her strength. At these periods she has to endure wearisome pains, weakness and headaches. Often she suffers from depressing aches in back and loins and fits of dizziness. Digestion is deranged and appetite feeble.

These are symptoms of anaemia (impoverished blood) from which a tremendous number of woman suffer. Their blood is both scanty and thin, and needs building up.

Nourishing food alone will not do this, for when there is little inclination to eat, food does not get digested, nor is nourishment assimilated. What is needed is a course of that reliable blood and nerve tonic, Dr. Williams' Pink Pills. This remedy—the special friend of women the world over for more than fifty years—actually creates new supplies of pure, rich, red, revitalizing blood, which is exactly what anaemic sufferers need. There is new health and energy in every dose of Dr. Williams' Pink Pills, not for women only but also for weak, nervous, despondent men. All chemists sell the world-famous blood and nerve tonic.

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